D 8523 B

Car bomb Wall St in Beirut slides; kills at S off least 26 sharply

A CAR bomb that blew up in rush- WALL STREET: The Dow Jones inhour traffic in Christian east Beirut dustrial average closed down 36.14 yesterday killed at least 26 people at 1.773.90. Page 40 and wounded 90.

The explosion ripped walls from several buildings and set them and dozens of cars on fire.

Christian leaders have accused Syrian agents of planting bombs as a form of pressure on the Christian community following the collapse in January of a Syrian-mediated plan to end 11 years of civil war. Page 3 market during August added to buying interest and the Nikkei average gained 40.65 to close at 18,038.94. Page 40

Taba talks plan

Israel, Egypt and the US will hold talks today to settle the status of the Red Sea beach resort of Taba, which Israel kept when its troops withdrew from the rest of the Sinai peninsula in 1982, according to an official travelling with US Vice President George Bush.

Peres offer

Israeli Prime Minister Shimon Peres said he told Moroccan King Hassan last week that Israel was ready to open immediate peace talks with Palestinians who re-

Thai Democrats gain

Thailand's moderate Democrat Party won 100 of 347 parliamentary seats in Sunday's general election and yesterday met to discuss the formation of a new coalition gov-

Nicaragua piea

Nicaraguan President Daniel Ortega will address the United Nations Security Council today in an effort to get the body to dissuade the US from continuing support for anti-Sandinista rebels.

France expels Basque

France expelled a third suspected Spanish Basque separatist militant yesterday on the grounds that he was planning to carry out terrorist Spain reported a rise in tourism ment was \$355.10. Page 32 earnings that brought foreigners' spending to \$3.6bn in the first half of 1986.

Portuguese jailbreak

Three guards were killed and two wounded as at least six prisoners escaped from Pinheiro da Cruz prison, 120 km from Lisbon.

Iran shells Basra

Iraq said yesterday that Iranian gunners shelled the city of Basra for the first time since June 1985 when both countries agreed to halt attacks on civilian targets.

Howe defiant

Sir Geoffrey Howe, British Foreign Secretary, refused to admit the apparent failure of the European Community peace mission to South Africa, saying that "at some time, some South African Government is going to be persuaded by somebody to take the key stens." Page 16

Soviet visit

Turkish Prime Minister Turgut Uzal arrived in the Soviet Union fo a five-day official visit expected to deal with economic ties between the two countries and problems over the divided island of Cyprus.

Kohl to visit US

Bonn said that West German Chancellor Helmut Kohl will pay an offi-cial visit to Washington in October.

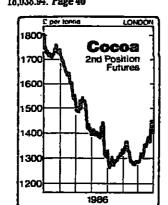
Masquerade revealed

An 85-year-old nurse died in the South African town of Ficksburg where astonished doctors discovered she was a man. Gerrard Mohapi had masqueraded as a

No. 29,992

LONDON: Sterling's weakness left gilts lower but equities closed stead-ier. The FT Ordinary share index was 0.1 up to 1,263.8 at the close and the FT-SE 100 added 3.6 to 1,549. Page 40.

TOKYO: Hopes of a continuing bull



COCOA futures prices remained firm in London, with sterling's weakness an underlying cause. The September position ended below the day's peak but showed a rise of £14 at £1,447.50 a tonne. Page 32

DOLLAR closed in New York at DM 2.1115; SFr 1.6985; FFr 6.8325 and Y155.45. It fell in London to DM 2.1135 (DR 2.1450); SFr 1.7000 (SFr 1.7320); FFr 6.8375 (FFr 6.9390), and Y155.75 (Y157.60). On Benk of England Systems the dellar's index fell to land figures the dollar's index fell to 112.7 from 113.4. Page 33

STERLING closed in New York at \$1.4810. It fell in London to \$1.4815 (\$1.4830); DM 3.13 (DM 3.18); FFr 10.13 (FFr 10.29); SFr 2.5175 (SFr 2.5675), and Y230.75 (Y233.75). The pound's exchange rate fell 1.3 to 71.7. Page 33

GOLD rose \$3.75 to \$353.50 on the London bullion market. It also rose attacks. Despite Basque militants' in Zurich to \$353.45 from \$349.60. In campaign of summer bombings New York the Comex August settle-

> ROBERT MAXWELL, publisher of Mirror Group Newspapers, apologised to Reuters chairman Sir Christopher Hogg over the sale of Reuters shares. Report and Reuters results, Page 26; Lex, Page 16

PRUDENTIAL-BACHE, US securities firm, is to set up an investment and merchant banking operation in London. Page 6

MORGAN STANLEY, US investment bank which went public earlier this year, increased earnings by 59 per cent in the second quarter despite what it described as "less favourable" market conditions in May

and June. Page 16 OLIVETTI, Italian electronics group, received permission from the West German cartel office for the takeover of Volkswagen's office equipment subsidiary Triumph-Adler. which had sales of DM 1.05bn

(S500m) last year. Page 16 SAFEWAY STORES, US-controlled supermarket chain, thwarted a nostile takeover bid by the Dart Group, a small Maryland retailer, by agreeing to a (\$4bn) leveraged buy-out.

NESTLÉ, Swiss foods group, is confident of maintaining net consolidated earnings this year despite a 12 per cent fall in first-half turn-

over. Page 17 HALLMARK CARDS, world's largest manufacturer of greeting cards, and First Chicago Venture Capital, have agreed to acquire Spanish International Communications, owner and operator of the largest group of Spanish language television sta-

tions in the US, in a deal worth \$301.5m. Page 17 CAPITAL CITIES/ABC, media conglomerate formed earlier this year, reported a 63 per cent jump in second-quarter earnings. Page 17

CENTRAL BANK INTERVENES HEAVILY AND RAISES RATES

Canberra relaxes investment rules to halt fall in A\$

AUSTRALIAN DOLLAR

US Dollar

111

Yesterday's direct intervention by

the Reserve Bank, the first since

the foreign exchange market was

deregulated three years ago, fol-

lowed the dollar's low opening in

Hong Kong which caused heavy

The Government's nervousness

was also reflected vesterday by the

announcement that Mr Bob Hawke,

the Prime Minister, had cancelled

selling in other markets.

York at 61.3 cents.

BY EMILIA TAGAZA IN CANBERRA

THE AUSTRALIAN Government was forced to act swiftly yesterday to arrest a sharp fall in the Austral-

When its heavy foreign exchange market intervention failed to stem the slide, the country's central bank raised interest rates by up to 2 per-centage points. The key Treasury discount rate rose from 14.6 per cent to 16 per cent.

The Labor Cabinet then made a dramatic gesture to the markets by relaxing foreign investment regulations to attract new overseas funds and ease some pressure on the cur-

The measures dismantle almost all restrictions on foreign equity investments, especially in the manufacturing and property sectors. They also include the abolition of the dividend withholding tax and branch profits tax currently levied on foreign investment.

The Australian dollar immediately rebounded to 63.5 US cents against a record low earlier in the day of 57.2 cents. It closed in Sydney at 61.5 cents, trading later in

his scheduled attendance at the South Pacific Forum early next month to concentrate on preparing the 1986-87 budget, due to be made public on August 19. The budget is expected to be a very tight one, with a deficit limited to A\$5bn (US\$3bn). The 1985-86 deficit reached The Government's restoration of

the withholding tax exemption applies to interest paid on Australian securities in overseas markets, whether in both bearer or reg-istered form. Earlier this month, Mr Paul Keating, the federal Treasurer, had removed the withholding tax exemption from such securities as well as from foreign borrowings by government corporations and

The relaxation of foreign investment guidelines focuses mainly on manufacturing and property. Canberra hopes that the easier access to these sectors, combined with the abolition of the dividend withholding tax and branch profits tax, will encourage increased equity invest-

Continued on Page 16

Tax reversal fails to end all doubts in Euromarket forces. If Moscow was seriously interested in an Afghan settlement it should produce a short timetable

BY ALEXANDER NICOLL IN LONDON

yesterday's volte face by the Aus- mercial paper - unsecured, shorttralian Government, removing a

reversal, however, bankers believe status as a foreign borrower have been raised by the affair. These may take some time to remove, and market activity is expected to re-sume cautiously.

The surprise move on July 1 to withdraw the exemption of most foreign borrowings from 10 per cent interest withholding had stopped in its tracks the busy activity by Australian borrowers in issuing Eurobonds and arranging other overseas financings.

An indirect effect had also been to halt new issues of Eurobonds denominated in Australian dollars. The move triggered the precipitous fall in the Australian dollar as market confidence in the Australian Government wanted.

Borrowers and banks have since been lobbying intensely in Australia, arguing that the tax would merely increase the costs of funding while bringing very little revenue into the Government's coffers.

There could also have been elec-

"WE'RE back in business," was the been one of the largest issuers in ther raise Australian borrowing reaction of Euromarket bankers to the growing market for Euro-comterm notes issued offshore - and withholding tax on foreign borrow-ings imposed less than a month ago. the increased cost of continuing to fund itself in this way would have been passed directly back to Aus-Despite their delight at the rapid tralian farmers.

Yesterday's change will reopen many questions about Australia's the markets for virtually all borrowers. The only two categories of debt to which yesterday's change does not apply - and on which, therefore, loans signed several years ago with evergreen clauses allowing repeated renewals, and some loans to public authorities. State and Commonwealth entities will be able to issue securities free of withholding tax, provided the debt is widely held by

For the markets, the fiasco has served to highlight the extent to which Australian entities have been borrowing abroad. This concern, which has already caused Australian bonds to move to above-average interest rate margins over US Treasury bonds in the Eurobond market, has also prompted Moody's Investors Service, the New York credit rating agency, to begin a review of the Commonwealth's triple-A rat-

Wheat Board, for example, has downgrading to double-A would fur- sures.

Worrles will also linger in the markets about what prompted the Government a month ago to take what seemed a hasty, ill-considered move without full awareness of the possible implications for financial markets and Australian borrowers.

The Government appeared to have been motivated, at least partly, by trade union pressure against takeovers of Australian companies being financed by cheap foreign borrowings. "This is an embarrassing reversal

for them," said one banker yester-day. "This has got to set a question mark over the stability of the Government and the way the Government manages policy. You have to wonder about the quality of their advice. If they'd gone to talk to market participants, they would have realised the problems."

A further question mark for investors hangs over the Govern-ment's broader economic policies and its ability to curb the balance of payments and fiscal deficits and in-flation. Poor inflation figures helped to accelerate the Australian currency's decline last week. Bankers and economists were

prices of Australian bonds should There could also have been electoral implications. The Australian the outcome of Moody's review. A slowly continue a recovery started after yesterday's package of mea-

Moscow to pull six regiments out of Afghanistan

By Reginald Dale in Washington and our Moscow Correspondent

MR MIKHAIL GORBACHEV, the sent its soldiers to Afghanistan in December 1979.

Gorbachev also said his response to President Reagan's latest arms control proposals would depend on the extent to which the Americans would compromise on the Star Wars programme, and he made a renewed overture to China.

Mr Gorbachev's announce came on the eve of renewed Afghan Pakistani peace talks, due to resume in Geneva tomorrow. It also coincided with a meeting between Mr George Shultz, the US Secre-tary of State and Mr Alexander Besmertnykh, the Soviet Deputy Foreign Minister who was called in for

However, the US quickly brushed aside Mr Gorbachev's limited troop withdrawal announcement, saying that there was only one acceptable solution to the Afghan conflict. That was "the prompt and complete with-drawal" of all the approximately 118,000 Soviet troops in Afghani-

The State Department said that similar withdrawal announcements in the past had subsequently turned out to be no more than rotations of

for complete withdrawal at the next round of the UN sponsored proximity talks.

drawal as a step to hasten settlebeen told of the move.

mated the regiments to be withdrawn, moreover, are of limited use to the Soviets in mountainous courtry, where airborne troops form the main thrust of the attack against the Afghan guerrillas.

The Kremlin has already reject-

Pressure on Reagan, Page 16

Soviet leader yesterday announced that six Soviet regiments would be pulled back home from Afghanistan by the end of this year in the first such withdrawal since the Kremlin

In a wide ranging speech in the Far Eastern port of Vladivostok Mr

talks on what was described as the "whole range of US-Soviet relations."

Mr Gorbachev billed the with-

ment of the seven years of fighting in Afghanistan and said Pakistan and other unspecified states had However, Western diplomats esti-

Mr Gorbachev's proposal, there

ed, through a Tass commentary last reek, what it says is a Pakistani

Sterling hit by oil crisis and political fears

BY GEORGE GRAHAM IN LONDON

THE POUND sank sharply in the foreign exchange markets yester-day as anxiety over oil prices reinforced foreign investors' worries about political uncertainty in the UK. Sterling fell by 5 pfennigs against the West German D-Mark to close in London at DM 3.13.

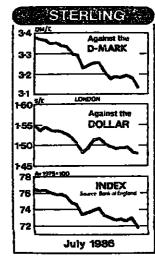
For much of the day sterling moved down in line with the dollar, which weakened as concern mounted over the US trade position. Statistics on US trade in June are due to be published tomorrow and investors have begun to fear a size-able deficit in the merchandise trade balance.

In the UK, government officials appeared relaxed over the pound's latest fall, ascribing it to rumours in the Far East that Mrs Margaret Thatcher had resigned as prime minister. This speculation took the pound lower in Far Eastern trading and gained a second wind in the af- the absence of any clear prospect termoon in London following the an-nouncement that Mrs Thatcher was the Organisation of Petroleum Ex-

Officials in London said it was tas. neither surprising nor worrying

As some economists in London that the pound should continue its suggested oil prices could fall to \$5 has moved down only by 8.9 per

dealers remained very nervous in



to go into hospital for an operation on her hand.

adjustment to lower oil prices. a barrel, investors became more These have fallen by over 60 per concerned over the combination of cent since last year, while sterling a likely overshoot in government Continued on Page 16

The oil market remained quiet, with virtually no trade reported, but dealers remained very nervous in Page 40

Opec split on output quotas compromise

BY RICHARD JOHNS IN GENEVA

tion of Petroleum Exporting Countries (Opec) yesterday rejected out right at the organisation's ministe-rial meeting in Geneva proposals cember when Opec made a mud-for sharing oil output under a new dled and subsequently very contencollective ceiling of 17.6m barrels tious decision to try and recapture per day (b/d).

ited Arab Emirates and Qatar to adby Dr Subroto, the Indonesian Min- wait, Venezuela Nigeria and Iner of Mines and Energy, consid- donesia are propo fore, seemed timed to bolster the erably dims the prospect of arrest-reduction in the production rates Afghan position when Pakistan and ing the slide in oil prices and laying maintained by members in July.

Afghanistan resume their Geneva the basis for a recovery of prices to They have suggested they might \$17 to \$19 per barrel.

This is the determined objective own by lowering output by such a of the majority of 10 of the 13 mem-proportion. During July, the five bers, although Iran Algeria and Lib- are estimated by one major oil com-Continued on Page 16 ya are still committed to a deep cut pany to have accounted for 12.1m in production, sufficient to raise

FOUR members of the Organisa- prices by the end of 1986 to \$28 per This target was effectively aban-

market share from non-member The refusal of Iran, Iraq, the Un- producers. While some members rejected here to a production plan drawn up the Subroto plan, Saudi Arabia, Ku-

be prepared to go ahead on their

Continued on Page 16

The Queen's Awards. Made from blood, sweat and tears. Mr Frank Shrontz, president, transports worth \$7bn. During the

Each year, the Queen's Awards are presented to the most successful com-

Some of the firms are large. Many are small. All have achieved outstanding performance in export or technology. So that everyone can recognise their

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ducts, letterhead and publicity material. panies in British Industry. If you'd like to be considered for a Queen's Award in Industry Year 1986. complete the coupon and return it to the address shown. We'll send you further details and an application form. success, these winning companies are

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Soaring demand lifts Boeing

BY TERRY DODSWORTH IN NEW YORK

BOEING, the world's leading aircraft manufacturer, benefited from soaring demand for both its commercial and military jets in the second quarter of this year, sweeping to bumper earnings as the replacement cycle turned in its favour.

Earnings leapt to \$169m, or \$1.09 a share, against \$136m. or 93 cents a share in the same period of last year, while sales rose to \$4bn from

In the first six months of the year, net income jumped by almost rest of this year, but it underscored

opment and other new business expenses related to commercial transport aircraft, future military and so going into the second half of this space programmes, and computing

ings were attributable primarily to increased sales volume and interest These gains, he added, had been partially offset by "substantially higher levels of research and develthe \$13.6bn registered last year.
The Seattle-based company is al-

and electronics technology."

said that the higher operating earnwhole of the first half of 1985, Boeing won orders for only 77 airliners worth \$2.6bn, while in the compar able six mouths period this year, it took 247 orders valued at \$12bn. Sales this year were projected at \$16bn about 18 per cent more than

year with a hefty unfilled order backlog. At the end of June, this amounted to \$24.8bn, against \$24.7bn six months earlier. Of this 30 per cent to \$317m, or \$2.04 a the buoyancy of the market by say-share, from \$246m, or \$1.68 a share. ing that during the second quarter, cial customers, and 24 per cent for Sales rose to \$7.55bn from \$6.30bn. it had received orders for 172 jet the US Government.

Technology: supersleuth in Channel tunnel: bridging the

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Steel production down 3.4% in OECD area

BY PAUL BETTS IN PARIS

CRUDE STEEL production in Western industrial countries declined by 3.4 per cent in the first half of this year compared to the same period last year, according to the half yearly report of the Organisation for Economic Co-operation and Development's steel committee.

It adds that the fall in OECD steel output has recently been steel industry the steel committee. steel output has recently been accelerating, declining by 5.6 per cent in the second quarter. The committee thus con-

firms the gloomy picture painted by the OECD's annual survey of the world steel industry published last week. This warned that consumption and production would be stagnant this year.

Employment in the industry has also fallen—by more than 4 per cent in the European Community and by nearly 12 per cent in the US over the past

The agency warns that the financial position of many steel companies continues to be precarious and that prices, under pressure from worldwide overcapacity, have again been declining.

been almost general through-out the OECD's 24 member countries. In the US and Canada, production in the first half was about 1 per cent lower than last year, while in the European Community and Japan the reduction was about 6 per cent. The fall partly reflected lower demand in the OECD area, but there was a considerable decline in net exports to the rest of the world, according to the report.

So far this year demand has declined by at least 5 per cent in the US. although the fall has been smaller in Japan, Sweden and in some EEC countries. Demand is currently higher than a year of Australia.

ing in the US has also hit the steel industry, the steel committee notes. Steel imports in the US in the first five months of this year were 15 per cent lower than in the same period last year. In turn, the share of imports of the US steel market also fell from 25.8 per cent to 22.7 per cent. But the US claims that this is still a higher rate than the target figures in President Ronald Reagan's steel programme.

As for steel exports from the EEC and Japan, these have been considerably lower than during the same period last year while imports have been significantly higher. In the first five months total Japanese steel exports declined by 13 per cent while total imports rose by 43 per cent, accounting for 5.3 per cent The reduction in output has of the Japanese market. This seen almost general through is one percentage point higher than during the same period last year.

In the EEC, total exports declined by 27 per cent in the first quarter from a relatively higher level in the first quarter last year, while total imports increased by 33 per cent to around 13 per cent of the market from a relatively low level in the corresponding

period, a year ago. The report says that a significant part of the increase in EEC and Japanese steel imports has come from developing countries and Eastern Europe. At the same time, although the Soviet than a year ago in Australia. Union has imported this year a Turkey. Norway and SwitzerThe OECD blames the sharp reduction in oil drilling activity. Europe have sharply fallen.

Polish reforms need time to work, says economist

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND NEEDS two or three Speaking as the Government years to balance its economy announced a modest 8 per cent and to allow measures aimed at rise in the price of meat, Prof increasing efficiency a chance Sadowski said that fear of to take effect, according to Professor Zdzisław Sadowski, head most important factor which of the Polish Economic Associa- could weaken official resolve minister for economic reform.

The Government is in the so much industrial production throes of a major review of prices and incomes policy to be incorporated in the 1986-90 plan being prepared for approval by Parliament in the autumn. The issue at the heart of the review is the nace at prices and incomes policy to the inbe incorporated in the 1988-90 efficient go to the wall under
plan being prepared for bankruptcy laws could always
approval by Parliament in the
autumn. The issue at the heart that their output was crucial
of the review is the pace at to the economy and the only
which the government should
alternative was to increase cut subsidies and bring demand subsidies, he said. into line with supply, as well "The political resolve has to as a revaluation of the zloty to be there to weather the tem-

poost exports. This is also of interest to the International Monetary Fund to which Poland, as a re-admitted member, expects to turn soon for new credit. During the first six months of this year, Poland had a \$530m surplus in its hard currency balance of payments, still not enough to service its rescheduled \$31.3bn foreign

governments to provide new credits at levels the Poles consider adequate, and a weakening of hard currency export growth has led Warsaw to signal that it wants to renegotiate a previous agreement rescheduling pay-ments falling due between 1982

"Every stabilisation plan in the past has included foreign Marian Wozniak, the reformist credits," Prof Sadowski said.

Industrial output in the first tary responsible for the half of the year was 5.4 per cent above the same period last year, while wages growth accelerated to 20 per cent. The accelerated to 20 per cent. The cost of living index is also growing and by the end of June was running at a rate neutralise opponents of the changes." of 18.6 per cent.

Rather, the problem was that was in the hands of monopolies. Attempts to let the in-

porary dips in production brought about by getting rid of the inefficient," Professor Sadowski said. "Also, there must be more competition.

Until last year, Prof Sadowski was deputy head of the government body responsible for im-plementing the economic reescheduled \$31.30n foreign been encouraged by the direc-tive issued by the Communist The refusal of Western party congress at the beginning of July to speed up the reform.

> So far, the Government has announced that some cuts in rationing of industrial inputs will be made from next year. A committee to review and streamline the structure of economic management and the administration, including the Govern-ment, is also being set up. Mr

economy, is to head it. He told a senior party meet changes."

Rivalry surfaces on French right wing

MR JACQUES CHIRAC, the French Prime Minister, appeared set last night to defeat a ceusure motion tabled by the Socialist party in the National Assembly against his Government's denationalisation programme. But if the neo-Gaullist Premier could bank on his slim majority in the Assembly to rush through his privatisation bill last night, he has received a reminder of how fragile his support is from none other than former President Valery Giscard d'Estaing. d'Estaing.

d'Estaing.

The latter refused ou Friday to vote in favour of a government bill to raise social security contributions and to impose a special tax on all revenues. Although the additional social security funding was approved by a majority of four votes, Mr Giscard d'Estaing's gesture was a clear signal of the divisions and potitical rivatries sions and potilical rivalries which Mr Chirac faces In his own majority. Mr Giscard d'Estaing, like

a number of other right-wing and centrist deputies, criti-cises the special social security levy on the grounds that it contradicts the Government's promises to cut income taxes and the overall tax burden in

Moreover, the decision to introduce a special 0.4 per cent across-the-board levy on all revenues in order to fund the social security system 1. in many ways similar to the



Mr Giscard: refused to sup-

0.7 per cent increase in pencontributions by wage-earners, but not companies, to help cover the social security deficit expected to total about FFr 20bn total about FFr 20bn (£1.95bn) this year.

The former President's move is all the more pointed in that it comes barely a few days after Mr Chirac publicly renewed his pledges to

licly renewed his pledges to cut the overall tax burden by the overall tax burden by 1 per cent a year.

Despite expected income and business tax cuts in the Government's 1987 budget, the special social security levy is likely to hold down

the reduction in the tax bur-den to 0.6 per cent of gross domestic product at the most.

A power struggle taking place behind the scenes on d'Estaing continues to have ambitions for a political come-back while Mr Raymond Barre, the former Prime Minister, remains Mr Chirac's main rival on the right in the next presidential elections, due in 1988 if not earlier.

As for the government's privatisation bill, it is expected to complete its process of parliamentary approval by the first part of August Oil bill declines France's oil import bill fell by 41.6 per cent to FFr 52.08bn (£4.1bn) in the first six months this year compared to the same period in 1984 and

is likely to have a continuing beneficial effect on the trade

balance, Reuter reports from

Commission survey points way to more jobs

MORE FLEXIBLE working as job ing hours was greater among the workforce than inside the sharing, fixed term contracts and profit related pay could add as much as 6 per cent to lives is "the untapped the current European labour force, according to a report published vesterday by the European Commission.

It should be the complement source of the other hand, it says, "the wholesale and retail trades carried out over the last year of the other hand, it says, "the wholesale and retail trades carried out over the last year of the other hand, it says, "the provision of additional partial employers, and the wholesale and retail trades carried out over the last year on the other hand, it says, "the provision of additional partial employers, and the work find the other hand, it says, "the provision of additional partial employers, and the work find greated out over the last year of two one-third of employees in the labour.

Asked what institutional changes on the labour market hanges on the labour market hanges on the labour market hanges on the labour market would induce them to take on more employees over the subsequent 12 months, they cited to company, though, as the author of the report estimates that, and Portugal, shows that about one-third of employees in the limpact. The report estimates that, one-third of employees in the labour. The report estimates that, and Portugal, shows that about one-third of employees in the labour and west Gert their report estimates that too large (except in the Netterlands and West Gert many), and blamed primarily industry to many the industry of employees in the provision whether the labour.

The report estimates that, and Portugal, shows that about one-third industry one-third of employees in the impact were timped to solve the next year or two, roughly half Europe's industry and impact industry and primarily industry and the ment impact.

The report estimates that, and relatively little employ destination independent industry and impact industry and impact industry and impact indus European Commission.

Its findings — based on separate surveys of employees, industrial employers, and the wholesale and retail trades carried out over the last year in most member states of the Community — add further weight to the arguments of those calling for greater labour market flexibility as a means to combat unemployment. They follow publication of a recent OECD report which drew similar conclusions.

more or less to match in aggrecompanies could provide. On the other band, it says, "the provision of additional particular jobs would essentially bring down the number of registered unemployed to a fairly small extent, since those combat unemployment. They follow publication of a recent of the community — add further weight to the arguments of those combat unemployment. They follow publication of a recent of the communities which companies could provide. On the other band, it says, "the provision of additional particular provision of additio

carried out over the last year ime jobs would essentially in most member states of the Community — add further weight to the arguments of those calling for greater labour market flexibility as a means to combat unemployment. They follow publication of a recent occuraged workers and employees need not necessarily be in conflict—indeed interest in more flexible work.

Brussels fines Belgian companies for fixing prices

competition rules.

Announcing the punishment yesterday the European Commission said that while the me previous cases, they were was to organise and protect new products. There were also

found that a formal cartel agree- joint action to deal with any ment had been drawn up in threats to the cartel from new penalties were relatively small 1978 by seven of the then ten entrants, increased foreign com-by comparison with those in Belgian producers. The idea petition or the introduction of

SEVEN SMALL and medium-nevertheless "stiff for the sized Belgian roofing felt procompanies involved." Moreover, ducers have been fined a total of Eculm (£663,000) for operating a price fixing cartel in contravention of the EEC's competition rules.

Aunouncing the punishment 1984 and 1985 the Commission price lists, minimum prices and price lists, minimum price discounts, especially have fully appreciated the application of the Treaty rules, and there are the treaty to the extent from new trends to discourage the rescue of a cutting them. They also tried to discourage the rescue of a on the production of roofing felt to discourage the rescue of a on the production of roofing felt to discourage the rescue of a on the production of roofing felt to discourage the rescue of a on the production facilities and to discourage the rescue of a on the production of roofing felt to discourage the rescue of a on the production facilities and to discourage the rescue of a on the production of roofing felt to discourage the rescue of a on the production of roofing felt to discourage the rescue of a on the production of roofing felt to discourage the rescue of a on the production of roofing felt to discourage the rescue of a on the production of roofing felt to discourage the rescue of a on the production of roofing felt to discourage the rescue of a on the production of roofing felt to discourage the rescue of a on the production of roofing felt to discourage the rescue of a on the production of roofing for the discourage the rescue of a on the production of roofing for the discourage the rescue of a on the production of roofing for the discourage th jointly attacked another Belgian

cability of the Treaty rules, and the fact that these companies producer, and a roofing felt im-porter from another EEC a result of the crises in the member state which were under-building industry."

Ozal on

five-day

Soviet trip

THE TURKISH Prime Minister.

THE TURKISH Prime Minister, Mr Turgut Ozal, flew to Moscow yesterday for a five-day official visit aimed at boosting trade connections. However, he faces some thorny political issues which will have to be resolved before Turkish-Soviet relations and he improved.

can be improved.

The climate for improved

rading links is now much less encouraging than it was in December 1984 when the then Soviet Prime Minister, Mr Nikholai Tikhonov, visited Ankara amid speculation of insiferant investor in convenience.

significant increase in economic

Trade last year between Turkey and the Soviet Union

consisted of \$190m in Turkish

relations.

Laura Raun assesses prospects for the Dutch Socialists

Kok points party in new direction

Politics have been shaped for so long by Mr Joop den Uyl, the party's impassioned leader, that the Socialists must find a new identity now that he is gone. After two decades in the den Uyl finally handed over the leadership last week to Mr
Wim Kok, a political novice on three key areas: defence,

benches. The Christian Demo-crat-Liberal government has just begun its second four-year term in office after the general

election in May.

A pragmatic and sober man.

Mr Kok is trying to maintain
party harmony by keeping expectations modest and avoiding comparisons with his more ing comparisons with his mare tion. The party has directed ideological and fiery predecestor renege on the Dutch-US sor. Amid some criticism the treaty providing for deploy-66-year-old Mr den Uyl led ment of the 48 cruise missiles Labour into the election for a in 1988 if it won power but seventh time even though he the purge of some hardline had lost much of his charisma in recent years.
He was eclipsed in the cam-

paign by the fresher and younger Mr Kok, who is 47 and who won his first seat in Parliament. A less academically in-

The Labour Party must no longer take an inward looking view which alienates large groups from us," he said on taking office. "We must be prepared to open the hatches to

CAPITAL grants to French spared, nationalised groups are expec- The

This is estimated at FFr 25.4bm (£2.5bm) next year ruptcy group. budget of FFr 28.3bm. Although

ted to be cut sharply next year as part of the overall reduction

of about 10 per cent in the French industry ministry

the cuts will hit most industry sectors, the troubled French

BY OUR PARIS STAFF

Lagbud

moderate approach on the one hand and a clear alternative to the current centre-right Covernment on the other. The post-election resignation of Mr Max van den Berg, the party's

but popular figure.

Mr Kok, a 25-year veteran of Mr Kok, a rather relaxed union work, faces one important task: to put Labour back in power after what well may be nine years on the opposition ment presents its programme force to the control of three key areas: detecte, and three key areas: detecte, a for the next four years.

His straight talk has already raised speculation of a softening in the Socialists' adamant opposition to the deployment of nuclear missiles on Dutch of nuclear missiles on Dutin soil, the main stumbling block to a Christian Democrat-Labour coalition after the elec-tion. The party had threatened

elements could change that. Economic policies could prove on the emotionally charged issue a trump card for the Socialists of euthanasia. The Socialists after two terms of austerity will do their best to drive a

policies under Mr Ruud Lubbers, the Christian Democrat Prime Minister. Educated as an econoclined man, Mr Kok brings a mist, Mr Kok is likely to argue more flexible and practical style aimed at broadening party boost the Netherlands' anaemic 1.5-2 per cent growth. A pledge of no more chipping away of the huge and hallowed welfare system and smaller cuts in gov-ernment spending could be

French state sector faces cuts

The overall credits made available to shipbuilding will rise to FFr 3.6bn next year from FFr 2.94bn. The Govern-

ment has already launched a major industrial reconversion programme following the bank-ruptcy of the Normed shipping

Capital grants to nationalised

groups, most of which are due to be privatised, will drop to

shipbuilding industry will be FFr 6.5bn next year. Capital from FFr 9.8bn.



practical

wedge between the coalition partners in coming months when Parliament is expected to consider a bill to legalise active

groups from us," he said on taking office. "We must be rallying points.

Nuclear energy is another social organisations and political parties which have different ideas to our own."

By European standards, the Dutch Labour Party probably ranks among the more pragnatic but Mr Kok, not unlike Britain's Neil Kinnock, is seek-ing a new identity that treads

ernment spending could be very restrictive law. The right-of centre Liberals support What Labour may hope for euthansia fully, but more as a gradual swing of the pendence from their partners bitterly opposed an expansion is a gradual swing of the pendence from their partners bitterly opposed an expansion of centre Liberals support What Labour may hope for euthansia fully, but more as a gradual swing of the pendence from their partners bitterly opposed an expansion of than on the issue itself.

Mr Kok headed the FNV, the closure of the two existing reactions, since its founding in 1975 Netherlands, Belgium and earned a reputation for France have shown no hint yet of such a swing but the time may be ripe in 1990.

grants initially totalled FFr 8.3bn this year but were boosted with additional funds totalling FFr 8bn for the state-owned Renault car group and the steel industry.

Subsidies to the coal industry next year will be held at this year's level of FFr 7.4bn, imply-

ing a decline in real terms. The

high technology sectors will also suffer a reduction in grants to FFr 7.6bn next year

which ended after six weeks with a minimum of bitterness, even though civil servants had to take a 3 per cent wage cut. He resigned from the FNV last September to stand for Parliament.

ment.

Having been born in the industrial city of Rotterdam and growing-up as the son of a construction worker, Mr Kok now seems to have a good rapport with the public. A central part of his task in putting his party back in government is drawing new voters. He will continue to try to

broaden the party's traditional working-class base of support. In the past, four years efforts were made to cultivate links with employers groups, business and white-collar workers but with limited success. Mr. Maurice de Hend, Labour's imports from the Soviet Union, most prominent millionaire and although a \$6bn trade agreeal leading public opinion poll-ment up to 1990 was signed in

just embarrassed over his per-sistent forecasts that the governing coalition would lose its majority in the election. The Socialists did gain five seats for a total of 52, making them the largest opposition party, but that fell far short of whose precepts are based on the Bible, can barely stomach the motion of legalising marks bill.

motion of legalising mercy killing and could only support a very restrictive law. The state

Craxi calls

coalition

'summit'

two new nuclear generators go ahead.

If there is any chance to topple the Christian DemocratLiberal Government it may be on the emotionally charged issue and the control of Mr. der Uyl. Party members of Soviet natural gas by 1990 Five economic agreements will be signed during Mr. Ozal's control of Mr. der Uyl. Party members agreements will be signed during Mr. Ozal's control of Mr. Ozal's control of Mr. der Uyl. Party members agreements will be signed during Mr. Ozal's control of Mr. Ozal's control visit. But Turkey is also concerned at the way the Soviet Union has appeared to draw closer to Greece recently. When Mr Longinov, the Soviet Deputy Foreign Minister, visited Cyprus earlier this month he did not visit the Turkish sector and criticised the pro-posals of the UN Secretary General. Mr Perez de Cuellar, for another round of inter-communal negotiations.

One slightly unusual feature of this visit is that Mr Ozal will fly tomorrow to Tashkent, the capital of Uzbekistan, where he will be able to observe con-ditions in Soviet Central Asia. The Uzbek population speaks a language very close to Istanbul

Mr Ozal is likely to seize this opportunity to tackle the most sensitive issue of all — the persecution of the 800,000-strong ethnic Turkish minority in Bulgaria who have been forced to abandon Islam and change their names

The Soviet leadership has
insisted that it has no influence

over Bulgaria's minority poli-cies, but Mr Ozal is under very strong pressure from Turkish public opinion. If there is not a change soon in Bulgaria's policies, Turkey's relations with the East bloc are likely to deteriorate.

Yugoslav petrol plan to boost tourism

The Yugoslav Tourist Association plans to offer a free tank of petrol to foreign tourists, Renter reports from Belgrade. quoting the official news agency Tanjug. It said foreign tourists at present received coupons offering a 5 per cent discount on petrol but the incentive was not attracting around the product of the second of th not attracting enough people.

PINANCIAL TIMES

Juan Carlos calls on Spaniards to fight 'plague' of terrorism

KING JUAN CARLOS of Spain criticised terrorism sharply yesterday just hours before Prime Minister Felipe Gonzalez's Government met for the first pro-Eta supporters. At least 15 pro-Eta supporters. At least 15 pro-Eta supporters at least 15 pro-Eta supporters.

democracy."

The previous day a tense funeral, attended by more than 1,000 people, had been held for the Basque separatist movement, Eta's latest victims—two Civil Guards killed by a bomb on Saturday. One of them was the son of a judge murdered by the son of a judge murdered by

cabinet reshuffle.

Speaking at the official opening of the Parliament elected in last month's elections, the King said: "Terrorist violence which bolloodstains the land fills us with sorrow and indignation." He france.

with a "solemn call for a Party won a renewed outright common effort to eradicate this majority in the elections, did plague which seeks criminally not, however, reflect the heightto attack our liberty and our ened violence in the government appointments he made on

have caused 20 deaths.

THE FRENCH authorities arrested a man suspected of belonging to the Basque separatist organisation, Eta's military wing, and expelled him vesterday across the border to Spain, AP reports

from Bayonne. It was the third such expulsion of a Basque militant under a The Prime Minister brought in four new ministers to junior, technical posts and moved Mr

Joaquin Almunia, Labour Minister for the past four years, to a newly-created Public Administration portfolio which will be concerned principally with overhauling the civil service. It has been suggested that

ministerial order of "absolute weeks.
Jose Luis Artola Amenza
(30), a native of Spain who
had been living in the French
Basque region for several
months, was banded to Spanish police at the border yesterday morning.

team to last through to 1990. team to last through to 1990. He is reported to want government departments to tie up loose ends of legislation left hanging when the general election was brought forward from October to June and that he will give his governing team a definitive shape after the completion of the hudget debates in

pletion of the budget debates in November. The senior members of the cabinet who have served Mr Gonzalez since 1982 were Mr Gonzalez intends to reshuffle the major jobs in his government next December Gonzalez since 1982 were when he will choose a cabinet reappointed. In addition to the man of INI, the public sector Trabajadores.

Interior Minister, Mr Alfonso holding company, since late Guerra stays as Deputy Prime 1984 and was a former Secre-Minister, Mr Javier Solana, the tary of State for Industry. Mr Culture Minister, reamins, as do Mr Narcis Serra in the Defence portfolio and Mr Jose Maria Maravall at Education.

Also kept on are Mr Francisco Also kept on are air Francisco
Fernandez Ordonez, the Foreign
Minister who was brought into
the cabinet last year, and Mr
Carlos Solchaga who was promoted at the same time from
the Industry Ministry to be
Minister of Economy, Finance
and Trade.

The new men have common their youth—the oldest of the four is 42 and the youngest. Mr Luis Carlos Croissier, the Industry Minister, is 35—their longstanding connection to the Socialist 12 rty and a proven experience in the administration.

1984 and was a former Secre-tary of State for Industry. Mr Julian Carcia Vargas, the new Health and Consumer Affairs Minister, is a senior member of the Treasury and was president of the Instituto de Credito Oficial, the state's credit agency. Mr Virgilio Zapatero. a law professor, had been in charge of relations with Parliament with the rank of Secretary of State since 1982. His job is now upgraded to ministerial rank and has the added title of Cabinet Secretary.

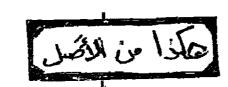
Mr Manuel Chaves, the new Labour Minister, a labour lawyer who has been associated with Mr Gonzalez for nearly 20 years, has been a member of Parliament since 1977 and a member of both the Socialist party executive and of that of the party's "fraternal" trade union, the Union General de Trahajadores

MR BETTINO CRAXI, the Socialist Party leader who last week reached a tentative com-promise designed to end Italy's 32-day-old government crisis, will today call together the leaders of the five parties of the fallen coalition to put the finishing touches on the deal.

Mr Craxi, who under the terms of the compromise will remain as Prime Minister until next spring, resigned on June 27
after a parliamentary defeat.
Until last week, Mr Craxi's
Socialists and the Christian
Democrats were engaged in a bitter struggle for the Prime Ministership. Under the com-promise, a Christian Democrat —possibly Mr Giulio Andreotti —would take over as Prime

Minister next March. Today's "summit" meeting, as it is being described in as it is being described in Rome, could prove decisive if the five parties—the Christian Democrats, the Socialists, Re-publicans, Liberals and Social Democrats—can agree on the form of a new government. The two options being discuseed are to form a new government after a cabinet reshuffle or to send the fallen Craxi government back to parliament for a fresh vote of confidence.

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OVERSEAS NEWS

India signs launch deal with Arianespace

By Paul Betts in Paris

INDIA has chosen the European space rocket Ariane to launch a new multi-purpose telecom: tion, broadcasting and meteorologicai satellite, Insat-1C.

Arianespace, the company which commercialises Ariane launches confirmed yesterday that it had signed its first launch contract with

India. The Indian satellite, due to be launched by Ariane at the begin-ning of 1988, was originally due to be launched by the US space shut-

India's first two satellites, Insat-1A and Insat-1B, were launched by the US shuttle. However, India decided to turn to the European rock-et following the delays in the US shuttle programme after Challeng-er's accident at the beginning of

Arianespace said yesterday that the European rocket had now re-ceived firm orders for the launch of 54 satellites out of which 37 remain to be launched. Its backlog is now worth about \$1.6bn.

Meanwhile, Mr Jacques Chirac, the French right-wing Prime Minis-ter, is due to decide on the future of France's FFr 3bn (\$434.7m) direct broadcasting television satellite programme at a meeting today with representatives of all the parties in-volved in the controversial project.

Hungary to sell trucks to China

HUNGARY will supply 780 Raba trucks to China this year and next,

writes Leslie Colitt in Berlin. In a related deal, China will re-ex-port 5,000 Polish-made Polski Fiat 126 cars to Hungary by the end of next year. The cars are to be shipped directly to Hungary from

Dr Bela Kadar, an economist at the Hungarian Academy of Sciences, said Hungary's share in world trade fell to 0.4 per cent last year from 0.7 per cent in 1970. Its share in world industrial exports al-so fell to 0.4 per cent last year from

0.9 per cent in 1960. The loss of market positions for Hungarian industrial goods was strongest in other Comecon coun-



workers carry one of the victims away from the

Car bomb kills 26 in E Beirut

it ripped through rush-hour tical deadlock traffic in a heavily-populated residential street in Christian east Beirut yesterday, Reuter reports.

Security sources said the blast occurred 500 yards from Beirut's "Green Line" battlefront, and that the death toll was likely

that the death toll was likely to rise.

The bomb exploded as Prime Minister Rashid Karami met Lebanese and Syrian army officers to fix a date to extend a security crackdown to Moslem West Beirut's teeming southern suburbs.

The Christian Voice of Lebanon Radio said 32 people had been killed by the blast, one of the deadliest in a series of Maximum casualties.

Offices of Christian President Amin Gemayel's Falange Party occasionally have been targets in previous east Beirut bombings this year, in which 70 people have been killed and hundreds injured.

Christian politicians said that although there were Falange offices of Christian President Amin Gemayel's Falange Party occasionally have been targets in previous east Beirut bombings this year, in which 70 people have been killed and hundreds injured.

Christian politicians said that although there were Falange offices of Christian President Amin Gemayel's Falange Party occasionally have been targets in previous east Beirut bombings this year, in which 70 people have been killed and burdens in previous east Beirut bombings this year, in which 70 people have been killed and burdens in previous east Beirut bombings this year, in which 70 people have been killed and burdens in previous east Beirut bombings this year, in which 70 people have been killed and burdens in previous east Beirut bombings this year, in which 70 people have been killed and burdens in previous east Beirut bombings this year, in which 70 people have been killed and burdens in previous east Beirut bombings this year, in which 70 people have been killed and burdens in previous east Beirut bombings this year, in which 70 people have been killed and burdens in previous east Beirut bombings this year, in which 70 people have been killed and although there were falange in previous east Beirut bombings this year, in which 70 people have been killed and although there were falange in previous east Beirut bombings this year, in which 70 people have been killed and burdens in previous east Beirut bombing

A CAR bomb killed at least explosions to rock east Beirut 26 people and wounded 90 when this year amid worsening politic ripped through rush-hour tical deadlock

Ain al-Rummaneh... We hope investigations will expose the criminals responsible Offices of Christian President

US to absorb fewer Vietnamese refugees

BY DAVID DODWELL IN HONG KONG

THE PROSPECTS of resettlement for many of the 8,400 Vietnamese refugees held in camps in Hong Kong have suffered a severe blow following a US Government statement that it will form nevt month that it will from next month absorb less than half its nor-mal monthly offtake.

The US has over the past 10 years accounted for almost 50 per cent of the 110,000 refugees resettled from Hong Kong. It traditionally absorbs 125 a month, but in August, the US refugee programme will take

A cut by the US will not only have a serious direct impact on the rate at which refugees find permanent homes, but is also likely to deepen controversy in Hong Kong over the policy of keeping refugees in closed

Essentially, US officials have challenged whether many of those arriving in Hong Kong can claim to be genuine

refugees.

Instead of being South
Vietnamese, with past links
with the US in Vietnam, many refugees were arriving from North Vietnam, officials said.

Japanese Socialist Party chief resigns

Japanese Socialist Party chair-man Mr Masashi Ishibashi, taking the blame for his party's defeat in July 6 general elec-tions, announced yesterday that he would step down from the post he has held for three years, AP reports.

The rest of the 32-member executive committee of the party, known as the JSP, also announced their resignations, Mr Rikuo Ito, party spokesman

The Socialists lost about onefifth of their strength in the 512-seat House of Representa-tives dropping from 110 seats

Delhi clashes

Sporadic violence marked a protest general strike in New Delhi and some towns in northern India yesterday, when Hindu activists clashed with police, K. K. Sharma reports. police, K. K. Sharma reports.

The protest was, however, mostly peaceful although tension in Delhi remained high. Curfew continued to be enforced in areas affected by riots following the killing of innocent Hindus in Punjab state by Sikh terrorists. The army stood by to help police maintain order.

Gurkha strike

Indian troops patrolled the north-eastern town of Kalimpong yesterday as a Gurkha protest strike paralysed Nepalispeaking areas of West Bengal state for the second time in two months, Reuter reports.

The Gurkha National Liberation Front (GNLF) called yesterday's five-day strike after

yesterday's five-day strike after police shot dead eight militants during street disturbances sparked by the Front's campaign for a Gurkha state in West Bengal.

Revolt complaint

Police filed accusations of rebellion against the former Philippines foreign minister Arturo Tolentino and 40 others who tried to overthrow Presi-dent Corazon Aquino's govern-ment Renter reports. ment, Reuter reports.

Justice Minister Neptali Gon-zales said the accusation was filed with the Manila prosecutor who would decide after further investigations whether to ask a court to issue arrest warrants.

OR 2ND ISSUE INDEX-LINKED CERTIFICATES

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Divisions remain as time runs out for textile talks

The EEC's Mr Jean-Pierre

The US proposals hinge on the inclusion of other fibres

such as ramie, a linen-like sub-

stance, and silk, in the scope of the MFA. It claims large quantities of shirts, blouses and skirts made of ramie, in par-

ticular, are entering the country from China, Hong Kong and South Korea as a substitue for

BY ANTHONY MORETON IN GENEVA

WIDE differences still remain exports or on their particular among the 50 signatory countries of the Multi-Fibre Arrangement (MFA) before a new agreement can be signed in agreement can be signed in said yesterday the Community Geneva. The arrangement ex-pires at midnight this Thursday.

It is now clear that the EEC is closer to the demands of the closer to th low-cost producers than to the US, which continues to take a hard line on opening its large and affluent market any further.

All the participants, however, are agreed there will be another extension to the MFA. Even India and Brazil, which have long campaigned against its extension, have come to

sises the need for creating action to prevent sudden surges greater flexibility. In particular it calls for more formular for the control of a particular it calls for more formular fo it calls for more favourable or fibre.

treatment for small supplier

countries such as Peru, for new clude some concession to cotton entrants into markets and urges and wool producers, believing that these countries should not this would help the pocer proface any special limitations on ducers particularly those in face any special limitations on ducers their trade with the EEC and Africa

ne US.

It is also against imposing
It wants all signatories to restraints on the exports of the It wants all signatories to commit themselves to opening markets and to taking stronger action against fraud, such as the cases when goods are documented as coming from one they originate in another. This has been a particular problem in the past few years as unscrupulous exporters. The agreement on Tariffy the field to excel the quate the country when they are the quate the country when they are a the quate the flow of goods into the West that a tried to excel the quate the flow of goods into the West and the flow of goods into the West that a tried to excel the quate the flow of goods into the West and to taking stronger action against fraud, such as the countries.

The MFA, which governs a large part of world trade in textiles and clothing, was set up under the agreement on Tariffy and Trade) in 1974 to regulate the flow of goods into the West The agreement was subsehave tried to evade the quota quently renewed in 1978 and limits on their countries' total 1982.

US aircraft maintenance

US Federal Aviation Adminis- and KSSU maintenance groups tration plans to review the (which include several Euro-maintenance rules for US-built pean airlines using US-built aircraft overseas are causing airliners) are very concerned considerable concern to foreign that the new interpretation will

considerable concern to foreign users of those aircraft.

Many airlines and maintender organisations based outside the US regularly overhaul and maintain US-built airliners, of which several thousand are in regular service throughout the world.

The business is worth several billions of dollars a year.

The Association of European (FAA) to maintain or alter that the new interpretation will restrict the type of work they have been performing for many years without criticism or apparent contravention of their fAA-approved licences."

Part 145 of the Federal Aviation Regulations (FAR), controls the use of fourier stations which are licensed by the US Federal Aviation or alter

The Association of European
Alviation (FAA) to maintain or alter
Alrilines, representing most of
the big European operators,
says the FAA review "could
limit the scope of work that
can be performed by foreign
airlines on US-registered aircraft outside America.

"The association's airlines.

"The association's airlines.

"The association's airlines, members with FAA-approved particularly those in the Atlas facilities."

A STRONG Chinese industrial with more than 600 companies team will attend the UK's Farn-exhibiting and more than 30 borough international air show from August 31 to September 7. existing aircraft on display.

be the biggest inaternational dominate the show will be the air show yet held in the West, prop-fan form of propulsion.

Chinese to visit air show

BY OUR AEROSPACE CORRESPONDENT

Chinese aviation, electronics and precision machinery organisations are among those who have indicated they will attend, the Society of British Aerospace Companies says.

This year's Farmborough will

review causes concern

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

US-Japan chip talks 'could end this week'

By Carla Repoport in Tokyo THE long-running Jananese semiconductor talks can be completed this week despite recent setbacks, trade officials in Tokyo believe.

"Progress this week is going better than last week," said an official of Japan's Ministry for International Trade and Industry (MEE).

Trade and Industry (Mit) yesterday. But industry officials say the big Japanese chipmakers, most of whom would be obliged to sign the would be conged to sign the final agreement on export price monitoring, are now increasing their opposition to the proposed settlement. They say the US is now pushing for the agreement to cover any export deals struck over the last reach.

The Japanese expected the agreement to cover future contracts only, and Japanese companies are understood to have been selling long-term, export contracts at attractive prices to their US customers in advance of the chips settle-

ments.
The two sides had hoped to The two sides had hoped to complete the semiconductor trade talks last Saturday, but the deadline was extended until tomorrow. Japanese industry executives in Tokyo yesterday said, however, that the likelihood of an agreement had been reduced by recent allegations from US chips makers of further dumping of memory chips by ing of memory chips by Japanese makers.

Boost in exports to W Europe

By Jan Rodger in Tokyo

EXPORTS TO Western Europe from Japan's 13 leading trading companies rese 57.2 per cent in June, according to the Japan Foreign Trade Council.

The figure adds weight to recent complaints by the European Commission that Japanese companies have been shifting their export efforts from the US to Europe, where currencies have held up relatively well against the up relatively well against the

The 13 trading companies andle nearly a third of Japan's exports, so their results offen provide an early indication of overall trends.

Their total new export contracts in June were Y972.1bn (£4.2bn)—28.5 per cent lower than in June 1985. cent lower than in June 1985. a record 47.3 per cent to V1,055.2bn, mainly because of lower oil prices. Vehicle exports were flat, but steel and shi pexports dropped 33.2 per cent and 47 per cent

per cent and 47 per cent respectively.

Preliminary export figures for June published yesterday by Japan's Ministry of Inter-national Trade and Industry were in line with the trading ompanies' experience. Exports to western Euro-

pean countries reached \$2.8bn in June, 66.3 per cent higher than in June 1985, while the value of exports to the US rose 34.8 per cent to

IBM moves up UK exporters' league table

BY CHRISTIAN TYLER, TRADE EDITOR

exporters table in only three technicality. The footnotes years.

An export sales increase of the sector, how35 per cent last year has ever, was Bedford Commercial established it alongside Ford Vehicles with a 70 per cent Motor as a consistent guest increase from £57m to £97m — contributor to the British over 30 per cent of turnover — raising it from the bottom of the table. Peugeot Talbot, increase in exports last year whose exports fell 30 per cent

increase in exports last year, whose exports fell 30 per cent, ICI has none the less edged to £77.7m, has dropped out back into second place in a first XV still dominated by the This year we include an extra oil majors. Britoil, reporting column, giving the numbers of for the first time, joins the team at number 14 and Mobil jumps to number 15 because of newly rough comparisons of their complicated forms.

ONE OF today's largest and well, with rises of 28 per cent facturing, fastest-moving British exporters and 23 per cent respectively. The least is not British at all, but This would have put them above will always American. IBM (UK) has Ford if their results had still ancies be advanced from ninth to sixth been combined. (Jaguar has reporting position in the FT Top 100 dropped three places on a but we be Exporters table in only three technicality. The footnotes the most produced.

conclidated figures.

In the motor industry, Rover
Group (formerly BL) and son between ratios for, say, the Jaguar Cars both performed oil sector and machinery manu-

The league table as a whole will always be prone to discrepancies because of different reporting systems and periods, but we believe this year's to be the most complete we have the most complete we have

Notable advances include NEI, the power plant contractor (number 38), up 15 places from its plunge in 1984 with an 85 per cent sales increase. In this fiercely competitive business, Babcock International (47) also moved ahead, but both Davy Corporation (59, wish export sales down a quarter) and John Brown (66, down 22 per cent),

were recorded by Glazo, De La Rue, Portals, Ingersoll Rand, Allied Lyons and Ferranti, even where they did not make a startling difference to their

Mergers and acquisitions changed the order in other cases. For instance, the dynamic

ing its oil and gas exports, has climbed back to 49 after a fall in 1964.

More than respectable figures were recorded by Glaxo, De La 22 to 88.

Courtaulds lost ground, to Contractes tost ground to 21st place from 17th in 1984. Even Unilever, whose export sales rose 4.5 per cent last year, was in 20th place, compared with 11th in 1982. Pleasey, too, industrial conglomerate BTR to 69 now, on figures more than 20 per cent lower last year. Rank Xerox has gone from 16 to 39 in the same period. Eight companies apart from the new group in at the same period. has gone from number 31 then to 69 now, on figures more than to 39 in the same period.

Eight companies apart from
Peugeot Talbot, have been
relegated from the table:
Lonrho, Burroughs, Fisens,
Molins, Burman Oli Trading,
Borg-Warner, DRG, and
Polaroid. They were not custed
by better performers: all the by better performers: all the new entrants this year are well-known companies which did not supply figures for the last table.

8K

THE TOP 100 EXPORTERS 1985

		Samuel					Employees				Expert		Expert	J		1985	, -
Panking.		Exports 1985	% of	Exports 1984		Change %		Ras	kjug _		1985				Change 7	, 175	
1985 1984	Company		UK t/o		BK Ve		(No.)	1985	1984	Company	(£m)_	UK to	(£m)	UK Vo		(No.)	
						9.2	29,458	51	67	English China Chrys	175.1	38.6	145.2	355	6.0	12,473	
1 1	BP 161	5,742 2,998	31.4 50.0	5,257 2,835	27.8 47.5	9.2 5.7	29,420 57,200	52	54	Wellcome Foundation	173.7	60.7	143	59.0	21.5	6,516	
2 3 3 4	ICI Shell CRC	2,770 2,770		2,591	32.0	-10 <i>6</i>	15.558	52 53	55	Loadon & Scots Marine Off	170.4	71.7	1423	68.9	19.7	136	
4 2	Esso UK	2,352 2,252.8	52.0	32163	60.0	-29.9	5.803	54	56	Cummios Engine	168.6	67.1	163.2	71.5 21.5	4.6 22.1	4,542	•
7 6	British Aerospace	7 4 9 2 2	413	1564	63.4	3.8	75,888	55	6 I	British Alcan Akazinian	163.6	28.6 28.1	134 1346	24.5	19.2	11,804 22,806 45,506	•
ž ž	IBM	7,500		1175	50.0	34.6	18,798	56	60	TI Group	160.5	14.9	87.5	8.2	79.5	# 544	
7 6	GEC	1,236	34.0	1,289	35.9	2.2	127,460	57	_86	Coats Vigella	157.2 155.4	27.2	109.1	22.8	24	7.158	
a a	Ford UK	1.135	26.2	7988	26.7	5.6	51,200	58	↩	Amoto UK	151.6	54.0	201	414	-24.6	1,158 6,000 95,200 161	
9 9	British Steel	936	26.7	887	23.7	5.5	54,200	59	43 62	Davy Grand Metropolitan	150.8	47	132.5	44	13.8	95.200	
19 11	Ceneco	876	42.6	823	42.8	6.4	1,476	60 61	(-)	A. H. Philipst & Sous	149	76.0	110.4	70.8	35.0	141	·
19 11 11 10 12 14 13 12 14 (—)	Rover_Group	764	32.5	598	38.7 36.8	27.8	67,562	62	(<u>)</u> 58	Caterollar Tractor	147.5	86.1	137.2	83.4	7.5	1,856 6,587 1,944	
12 14	Rails Royce	712	44.5	519	36.5	37.2	41,700	63	靐	Short Brathers	142	70.6	115	71.9	25.5	6.587	. - •
13 12	Texace ·	761.7	28.9	686	20.5 33.0	23 26.1	2,987	64	64	Seatram Bistillers	140.5	48.3	131.6	44.1	6.6	1,944	
14 (-)	Britoil	692 630	38.5 28.6	511 267	33.0 11.6	29.1	2,759 2,608	45	70	Feranti	153.1	37.2	112	36.7 50.2 62.5 54.2 16.7 19.7	23.3	19.117	
15 39	Mebil Off	593	28.8 79.4	<i>4</i> 08.5	79.0	23.1	10,449	46	44	John Brown	138	53.5	176.8	50.2	-21.9	5,874	`.
15 39 16 13 17 15 18 18	Jaguar Cars Distillers	490	63.3	473	64.0	36	12,000	67	75	J. C. Bassford	231.9	66.5	96.1	<u> 625</u>	37.3	1,324 7,866	
16 16	BAT industries	424	25.2	407	17.3	42	25,389	68	(-)	Pirelli UK	129.4	33.1	1196	34.2	8.2	7,886	
19 16	Massey Fermissan	421.1	69.0	450.6		36 42 -65 45	11.867	69	49	Plessey	128.5	11.7	163.3	16.7	-21.1	29,724	
29 19	Unilever	438	iii	400	11.1	45	68,800	76	\leftarrow	British Muclear Foels	127.6	23.4	99.5	19.7	43.0	16,000	-
29 19 21 17 22 21 23 22 24 29	Courteelds	384	28.2	442	32.2	-13.1	48,860	71	63	Assoc. Octel	123.9	72.0	1323 115	75.8 23.0	-63 7.8	2,409 14,524	•
22 21	Johnson Matthey	375	51.9	354	54.2	5.9	5,179	72	68	tiki	123 128	30.5 9.3	選	25.0 8.9	-111	24,485	
23 22	Hawker Siddeley	336	21.0	336	21.0	6.0	26,100	73	59	Reed International	128	50.8	72.2	55,1	53.3	4,148	
24 28	STC	334	26.1	365	28.4	-8.5	34,300	73 75	86 85	Portals Innersoli Rand	118.7	79.7	73.3 73.6	60.9	49.1	3,285	
25 27 26 23 27 (—) 28 25 29 24	Glaxo	332	59.3	261.8		26.8	13,463	75	72	Pilkington	116.6	25.2	186.3	225	9.5	16,780	
26 25	Rothmans International	319	61.9	324	23.4	-15	5,260	77	7E	Metal Box	136	19.6	89.3	15.A	29.9	18,662	
27 (→)	Gulf Oil	315.6 315	55.1	282.8 278	56.5 31.5	11.6 13.0	753 46,854	78	ű	Hewlett Packard	1136		61.9	Zï	83.6	3,446	
28 25	Lucas	313.6 213.6		276 318	28.0	130	15,835	79	`76	Simon Entineering	111.3	32.1 51.2	-02	45.5	21.0	4 668	
	Racai Ele ctronics Kedak	307.£		261.9		12 175	7,921	86	79	Lilly Industries	107.A	61.5	29.1	585 473	21.8 20.5	2.384	
30 36 31 29	Philips		24.6			22.2	21,994	81	77	AE	105	38.2	7L7	47.3	14.5	2,384 14,598	
31 29 32 (—) 33 31 34 26	Tenneco Europe	275.2		283.3		-2.9	9,766	22	74	May & Baker	104	34.9	101	36.2	3.0	2.337	
33 31	RICC	275	23.3	231	22.2	19.0	46,419	83	73	Michella Tyre	99.7		161.2	22.4	-15	12,531 2,658	
34 26	Managarta	268.3	653	264	66.2	1.6	1,749	84	. 83	Do Poat	99.6	27.7	83.2	27.6	29.7	2,058	
35 34	Petrafina UK	259.9	235	217.5	17.9	19.5	1,633	85	(}	Dowly	97.6	<u> </u>	90.5 57.3	22.5 17.1	7.8	12,688	
36 41	Thorn Eldi	247.1		283.3		21.5	69,034	86	100	Bedford Commercial Vehicles		31.5	57.3		69.6	7,442	
37 33	INCO Europe	24L9	626	219.1	63.8	10.A	3,832 22,495	87	₩	Baker Perkins	966	725 43	70.3 224	68.2 4.8	37.4	3,500	
35 34 36 41 37 33 38 53 39 28	NEI .	238	37.3	129	28.4	84.5	22,495	88	32		% %	40.2		34.6	~57.1 17.1	3,500 221,298 8,696 60,539	
	Rank Xerex	225	12.5	250	14.7	-18.0	8,000	8	84	Smiths Industries Allied Lyons	75.9	73	74.1	3.6	29.4	6,000 60 E3A	
49 39	Ciba-Gelgy	224	37.8	297 213	36.5	82 50	7,966	98	39 81	Cadhury Schwennes	93.9	94	87.4	43	7.4		
41. 37	Vickers	223.7 220	7 49.3 12.1	213 142.2	47.6	54.7	12,351 48,000	2	82 82	Marks & Spencer	92.7		84	32	10.4	35,892	
42 56	BTR	220 299	19.6	212	20.2	-14		93	⇔	Solisher	96.1	73	20.3	7.1	9.4	24,482	
43 38 44 46	GKN	207 206	31.3	176	31.2	17.8	27,200 24,585) Š	Ħ	FBC	8 2	62.5	69	54.0	27.8	1,766	
	Pearson Cook	200 193.1		154.9		24.7	15,700	95	`Æ	Royal Ordnance Factories	25		176.2	11.4	-51.8	17,500	
45 52 46 30	Beechaar Group British Shiobailders	186.1		232.7		-29.0	40,785	96	27	Turner & Navoli	84.6	26.9	77	29.0	9.9	9,390	
47 51	Bahcock International	185.5	_	160.7		15.6	13,774	97	65	Westland	84.3	35.5	116.9	66.6	-27.9	11,067	
48 21	Esso Chemicals	185	38.5	263.3	46.6	-9.8	1.380	98	90	The 600 Group	4.68	46.1	75	45.0	7.5	3,026	
49 66	Rie Tinto Zinc.	181.4		116.1		56.2 25.7	28,088 6,586	99	25	Delta	30.1	18.7	75.2	17.9	6.5	12,100	
30 57	De La Rue	178.3	71.7	141.9	522	25.7	6,586	100	71	Rowntree Mackintoch	79.8	16.5	71.1	15.1	<u> 12.2</u>	17,700	
				•			_										

Englisyment Sigents and amiliable, 60,000 employees represents employees in Enterpo. Bulleton Plu world (800 employees in 1905; 113,1905; Instant in 17 - 2004 UK for Group Vo 17 - 2004 UK for Group Vo

Vigella yis 20.11.1905).
Amono MC.—did not copply figures but year.
Bury—1904 % of MC the restated by the company. Figure and in 2004 was group tio.
Grand Michapolitas—Include towards of the service activities.
A. R. Pider & Sans—did not capply figures but year. Furning & Agricultural Product
Songram Statiffnes—yie 52.1.1906. Seagenn Weitlines—yie 33.1.1986.

Friedl UK—dit not supply figures but your.

Friedl UK—dit not supply figures but your.

British industry Franch—dit not supply figures but your.

British industry-but and supply figures but your.

Bay & Babw—supplyees at 33.12.3825.

Bertig—control 35 but your, 2222 3m supplied by the company in 1905 was in fact figure for the ownerses because of the supply figures but your. But your supplied was a supplied by the company in 1905 was in fact figure for the ownerses because of the supply figures but your. In the yet 33.3.1906 separate wave 5225.6m, % of UK to 76.0% % on 6505 29.5%, UK conjugues, 3,565.

British Cools—formely 1909.

Allow Lyons—48,530 UK conjugues Shifts into 39,177 full time and 25,923 part time, For the yet 13.2905 expects of 35.50m, of UK to 6.37%, UK conjugues Shifts into 39,177 full time and 25,003 part time, for the yet 13.2005 part 5000.

Shifts—did not supply figures but your. UK to not of dather.

FIG—did not supply figures but your.

Research by Jon Schilon, Gillorial Research by Jon Schilon, Gillorial Research by Jon Schilon, Gillorial Research and supply figures but your.

AMERICAN NEWS

Sarney and Alfonsin to sign trade pact

mic and political implications is due to be signed today between Argentina and Brazil during a three day afficil ricit by the life to the countries, and erect a common customs barrier to imports from third countries. three-day official visit by Mr Jose Sarney, the Brazilian President, to Buenos Aires.

Accompanied by an entourage of half a dozen ministers, their advisers, and several hundred leading Brazilian businessmen and journalists. President Sar-ney is being given a state wel-come in a visit which is being acclaimed as representing an historical shift in international economic and political relations

Decline in

growth of US

The Soviet Union will show its giant Antonov AN-124 Condor transport aircraft, and US companies will be back in force, with 78 attending,

Among themes likely to

dominate the show will be the

against 63 last year.

Other protocols establish mechanisms to ensure balanced bilateral trade by creating two funds for investment and finance, with a joint value of \$300m (£204m), to expand pro-duction in either country which experiences a trade deficit in capital goods. Specialised economic research institutes are to be financed in both countries to monitor the progress of the integration project.

economic and political relations between the two countries.

The first of the 10 protocols to be signed today by President Sarney and President Raul Scarney and President Raul Scarney and President Raul Scarney Sca

A TRADE AGREEMENT with Alfonsin will eliminate customs potentially far-reaching economic and political implications is capital goods, between the two shortages in both countries. Cautious in its implementation," ment is also to be studied.

According to Mr Jorge
Romero, the Argentinian Vice
Minister of International
Economic Relations and one of
the principal negotiators of the

agreements, the customs union will later be expanded to cover a much wider area of trade in goods and services. "What we are creating this week is the embryo of a Common Market in South America," he said. By embarking on a gradual

Co-operation in energy development is also to be studied.

According to Mr Jorge America is now not only a need, it is a necessity to give our nations a greater capacity to negotiate on equal terms with the economic and political power blocs which have developed in North America and Europe."

Intense discussions are now to be held over the coming months, with Argentinian and Brazilian businessmen to define the precise areas of capital goods which will be initially included in the customs union. Bilateral trade in capital goods is expected to increase to \$750m a year by 1990 from



Mr Alfonsin: move towards

Reagan nominee faces probe

wages reported THE US Labor Department of the US, will face tough allegation that Mr Rehnquist argued in support of the use of the US, will face tough allegation that Mr Rehnquist argued in support of the use of t agreements during the first six months of 1986 averaged only 1.2 per cent in the first year

and 1.9 per cent annually over the life of the contract, Reuter reports from Washington. That compared with wage rises of 2.5 per cent in the first year and 3.1 per cent annually when the same groups last

Settlements reached during the first half this year covered 972,000 workers under 261 agreements.

BY NANCY DUNNE IN WASHINGTON

Although legal observers and politicians in both parties those who requested the investigation, said that as many as a confirmation. Senate democrate dozen people may have information. Senate democrate dozen people may have information. The appointment of judge than 30 witnesses have about the President's hard-line conservative judicial appointees, who will serve for life. They came within one vote of defeating one appointment last week too him about testimony of an Appeals Court judge whose competence was held to be in serious doubt, and with enough ammunition they may conservative judicial appointment, and with conservative judicial appointment, and with conservative judicial appointment, and with experience, and competence, and competence was held to be in serious doubt, and with enough ammunition they may conservative judicial appointment of judge Antonin Scalia, also a conservative, to fill Mr Rehnquist's seat as a justice on the court, is not expected to provoke much opposition. The two appointment of judge or previous to fill Mr Rehnquist's seat as a justice on the court, is not expected to provoke much opposition. The two appointment of judge water.

MR Wiliam Rehnquist, presi-dent Ronald Reagan's nominee to become the 16th chief justice that the FBI was investigating to light in which Mr Rehnquist views in his nomination hear-ings before the senate judiciary committee starting today.

Although legal observers and

Metzenbaum of Ohio, one of like coloured people," another

US film and TV actors vote for strike

Members of two major US actors' unions have voted by an overwhelming majority to authorise a strike that could stop film production and delay the new television season, reports from Angeles.

About 87 per cent of the 30,493 members who returned their ballots authorised their negotiators to call a strike if they remain unsatisfied with proposals made by the producers.

The unions are seeking a 22 per cent wage increase over three years, and higher residual payments for cable television,

Cuba halts short-term debt payments

CUBA has suspended pay-ments on its short-term commercial debt to Western countries because of an acute shortage of foreign exchange, Reuter reports from Havana The move fellows Cuba's suspension of all payments on its medium and long term financial debt with effect from July I. Cuba reportedly stopped nearly all its short-term commercial debt payments of the payment of the nezts about a week ago. Cuba has already reach

an agreement in principle with the Paris Club of Western creditors to reschedule its government-to-government debts which fall due this year. It is due to hold a second round of talks with a steering compatition of with a steering committee of commercial banks led by Credit Lyonnais in Paris in Cuba has rescheduled its

Caba has rescheduled its \$2.5bn foreign debt three times since it first encountered payments difficulties in 1982. But this year for the first time it is seeking \$300m of new money to underpin the refinancing package. President Fidel Castro tressed Cuba's increasing

stressed Cuba's increasing difficulties in obtaining vital imports from the West in a speech at the weekend. The combined effect of a poor 1985-86 sugar harvest, reduced revenue from re-export of Soviet oil and the revaluation of most Western currencies against the deliar would cost Cuba \$600m in lost income

Parish council polls in Jamaica assume national significance

BY CANUTE JAMES IN KINGSTON

Prime Minister of Jamaica, faces a tough political test in local government elections today. Although the elections concern municipalities, both Mr Seagas's conservative Jamaica Labour Party, and the Social Democrat Peoples National Party, led by Mr Michael Manley, a former Prime Minister, are arguing over wider national issues, mainly the Government's heart the Government also claims. MR EDWARD SEAGA, the the outcome.

over wider national issues, mainly the Government's hand-ling of the economy over the past six years. The elections have been given added importance as they will represent the first serious electoral contest in this island of 2.3m people since a general election in 1980 in which the JLP second a house

which the JLP scored a hand-some win to end eight years of PNP administration.

elections until a reform of the electoral system had been completed.

Mr Manley says the PNP intends to treat today's elections as a referendum on Mr Seaga's administration. Mr Seaga denies that the contest over parish councils can be regarded as a referendum, but the ruling party's defence of its performance over the past six years, and refutations of the PNP's attacks, indicate the Prime Minister's concern about

"All of this must be seen in the context of the terrible deterioration in living standards that has been the result of economic policies," Mr Manley says.

Mr Manley says the PNP deterioration in living standards that has been the result of economic policies," Mr Manley says.

Mr Manley says the PNP deterioration in living standards that has been the result of economic policies," Mr Manley says.

Mr Manley says the PNP deterioration in living standards that has been the result of economic policies," Mr Manley says.

Mr Manley says a victory for the terrible deterioration in living standards that has been the result of economic policies," Mr Manley says.

Mr Manley says the PNP deterioration in living standards that has been the result of economic policies," Mr Manley says.

Mr Manley says a victory for the PNP would boost its campaign to press Mr Seaga to be fore one is constitutionally due in early 1988.

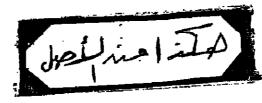
Mr Seaga says an early election well before one is constitutionally due in early 1988.

The government also claims it has reduced food prices and electricity bills, reformed the taxation system to exempt 150,000 workers from paying income taxes, and established a food stamp programme to help the poor. the poor.

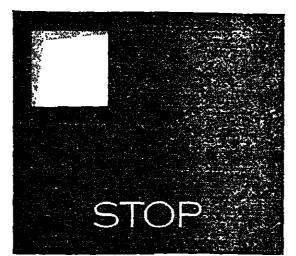
The PNP's campaign is based on criticising the Government's handling of the economy, in particular the effects of wide-spread deregulation and the devaluation of the Jamaican dollar. Mr Manley says the Government has covernment has covernment has covernment and severnment has covernment and severnment and severnment and severnment has covernment and severnment a A suap general election called by Mr Seaga in 1983 was not contested by the PNP, because Mr Manley claimed the Prime Minister had breached an undertaking to delay all elections until a reform of the electoral system had been completed.

devaluation of the Jamaican dollar. Mr Manley says the Covernment has caused general confusion by strategy such as a squeeze on credit, and has presided over the deterioration of social services such as health and education.

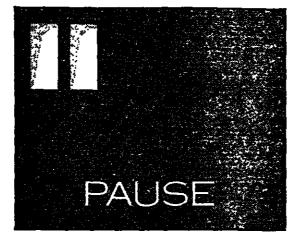
"All of this must be seen



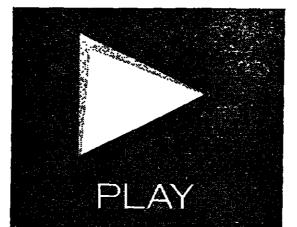
IF YOU'RE THINKING OF COMPUTERISING YOUR ACCOUNTS



WORRYING



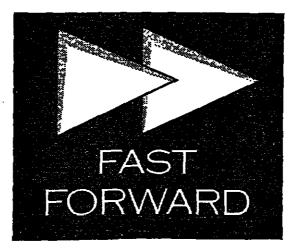
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Thatcher

operation

THE PRIME Minister will go into

hospital next week, hours after the

end of the Commonwealth mini-

summit in London, for an operation

on her right hand, Michael Cassell

Mrs Thatcher is suffering from

Dupuytren's disease contracture, a

progressive contraction of the ts-sue lying beneath the skin of the

palm of the hand. If left untreated,

the condition, which she is thought to have had for about 10 years.

might eventually cause deformity

Downing Street, which made the

announcement, was anxious to em-

phasise that the complaint is fairly

common and that the Prime Minis ter, who will go into an unidentified private clinic next Tuesday even-

ing, is expected to leave by the

weekend. The operation, which

should provide a complete cure, has

been timed to coincide with the

summer parliamentary recess, al-

lowing Mrs Thatcher time to recu-

ANGLIAN WATER has been

forced to abandon its radical plan to

build Britain's first fully privatised

sewage works. Anglian, one of the

most innovative and efficient of the

16 water authorities in England and

Wales, had intended that private

terborough, Cambridgeshire. But

the board of Anglian Water has now

been told that the scheme cannot go ahead as proposed because of the

complexity of the financial arrange-

ments. The board will now finance

possession by building societies, ac

the construction itself.

perate fully.

and loss of function in the hand.

to have

on hand

Foreign-owned groups 'urged to shun unions'

anti-trade union attitudes becoming

particularly prevalent among our

growth high-technology industries."

PU is in "the forefront of industrial

relations reform in Britain today -

and no field more so than in its rela-

tions with foreign companies" by such features as its strike-free

ture" for unions in the growth man-

ufacturing sectors.

The union asks the committee to

be allowed to give oral evidence to

it on the subject. Its request, taken with the fact it has submitted evi-

dence at all, is likely to irritate the

Trades Union Congress (TUC), which believes that it, rather than

individual unions, normally pres-

ents the union case to parlia-

strike-free deal with a Japanes

owned, UK-based company with which it has a single-union agree-

based in Ebbw Vale, South Wales, is unique among the EETPU's strike-

free deals in that pendulum arbitra-tion, the strike-substitute mechan-

ism at the heart of the agreements,

will be accessible unilaterally at Yu-

asa, by either the company or the

employees. In most such agree-ments, joint reference is stipulated. The strike-free deal was ap-

proved in a ballot by all but three of

Set against the cumulative

warning against high expectations

of funding. Yesterday, however, the

department was notably silent, raising hopes at the talks that the

broad parameters of the arrange-

ment, as outlined to ministers by

Telex, were proving acceptable.

The deal would create a new

ranging from £9,600 to £14,500. Ev-

ery classroom teacher, excluding

mpany's 82 workers who vot-

The EETPU has signed another

mentary committees.

nents, forecasts a "firm fu-

The union, arguing that the EET-

BY PHILIP BASSETT, LABOUR EDITOR

THE GOVERNMENT is covertly encouraging foreign companies setting up in the UK not to recognise British trade unions, according to the EETPU electricians' union.

The union's accusation is made in its evidence to the House of Com-mons employment select committee's study of the industrial relations practices of foreign-owned companies operating in the UK.

In its 49-page submission to the committee, the EETPU goes into detail in two specific cases where it tried without success to win recognition - the Japanese-owned NEC Semiconductors at Livingston, in Scotland, and J2T Video of Newhayen, on the south coast of England, jointly owned by Thorn EMI Ferguson of the UK, Telefunken of West Germany and JVC of Japan.

The union argues that cas as those substantiate its claims in its evidence that some foreignowned companies moving into the UK are being allowed to "escape their moral obligations" in relation to trade unionism, and that the Government is assisting them in

The union says: "In order to appease some of these companies, we believe that government departments are covertly encouraging incoming businesses to ignore tradeunion calls for representation rights where there is substantial

That stance "is contributing to the growing epidemic of non- and

MOST Teachers in England and

Last night, as a fourth day of ne-

gotiations continued at a Coventry

hotel, agreement to the deal was be-

ing held up only by a single out-

bill for 410,000 teachers, who re-

ceived a 5.7 per cent rise from April.

year of five-year phased implemen-

Deal would give most

Wales would receive a £750 pay rise £1.25bn previously offered over four next January, giving them an over-all 14 per cent increase in 1986-87, of the deal would be a cumulative

ment contract deal designed to

At the weekend, the Education
bring a lasting end to disruption of

Department had issued a stern

by 10-12 per cent in the first full heads and deputies, would receive a

tation. The employers and the ary I and March 31 next year, ei-

teaching unions would jointly seek ther through assimilation to the Government funding.

teachers £750 rise

BY DAVID BRINDLE, LABOUR CORRESPONDENT

under a radical salary and employ- £2.9bn over five years.

move to calm row over 'rift'

vention of Sir William Heseltine, the Queen's private secretary, in

help to smooth over the embarrass-

The Sunday Times claimed that the Queen was concerned over the threat to the Commonwealth posed by Mrs Thatcher's opposition to South African sanctions. It also suggested that the sovereign disliked the divisiveness of the Prime Minister's domestic policies, as reflected in her attitude to the miners' strike and growing unemployment.
Sir William confirmed that the

by the newspaper."

He said the claim that the unnamed sources were within the palpartiality and discretion of senior

the alleged differences between the Queen and Mrs Thatcher, offered no comment on Sir William's move, emphasising that it was solely a matter for the palace. Even so, Mrs Thatcher's office hopes that the issue, which is said to have deeply upset the Prime Minister and caused immense embarrassment at

Most attention yesterday centred on the position of Mr Shea, who spent the day at the Queen's side during her visit to the Commonwealth Games in Edinburgh. On his way to Edinburgh, he told reporters

sign.

A call for Mr Shea to step down came from Sir Anthony Kershaw, MP for Stroud, who said that the Queen's press secretary should ac-

Palace in

BUCKINGHAM Palace and the Prime Minister's office were last night hoping that the unusual interthe continuing controversy sur-rounding relationships between the monarch and Mrs Thatcher will

In a letter to The Times. Sir William claimed that suggestions that the Queen would, after 34 years of unvarying adherence to constitu-tional principles, suddenly depart from them in order to criticise the

He said it was equally preposte ous to suggest that any member of the Queen's household, even sup-posing they knew what Her Maj-esty's opinions on government politary certainly does not" - would disclose them to the press.

source of the information on which the controversial Sunday Times articles were based was Mr Michael Shea, the Queen's press secretary, but claimed that Mr Shea "said nothing which could reasonably bear the interpretation put upon it

ace at the highest level constituted a totally unjustified slur on the im members of the royal household.

Downing Street, which has refused to be drawn into discussing

the palace, will now he dropped.

Mineral waters fastest growing sector of non-alcoholic drinks

MINERAL waters are the fastest growing sector of the non-alcoholic drinks market in the UK, according to a survey published by Market Direction, a subsidiary of Euromonitor, the market research organisa-

Individual consumption in Britain remains far behind that in other important markets examined in the report, such as West Germany, France and Italy, however.

Sales in the UK have risen from a total of 20m litres in 1979, Market Direction said, to 75m litres in 1985. representing a market value of £53m. Various factors have contributed to that increase, including health consciousness, increased advertising support, anti-drunk-driv-ing laws and the "freshness" of tap water. "However," Market Directors of the soft drinks market, the mineral water sector is very small.

'attractive'

tractions to cost-sensitive oil com-

countries in North-west Europe.

In France and the Netherlands, it

By Lucy Kellaway

as Norway.

MINERAL WATER Per capita consumption 1984

litres and mineral waters account for just over 1.7 per cent of the total UK soft-drinks market in value

Volume growth in the UK is estimated at an average of 14 per cent in both 1984 and 1985. A similar increase is forecast up to 1990, taking UK per capita consumption levels nearer those of the US but still a long way behind most of the rest of

sive marketing of mineral waters,

and San Pellegrino. "Market growth," Market Direction said, "has been led by those firms which have successfully marketed their products on an international level."

The big new development has voured varieties of water. "These now come into direct competition with soft drinks, especially the low-calorie varieties introduced successfully since 1979." In that sector, however, leading soft-drinks manufacturers such as Coca-Cola and PepsiCo have countered by introducing 10 per cent fruit juice-added soft drinks.

The report, which examines the

five chief markets - France, West Germany, Italy, the US, UK and Japan - forecasts continued growth in the sector but a retrenchment in the more mature markets such as France, Italy and West Germany. The report highlights the aggres- Mineral Water, price £650, from

Netherlands oil DBS operators offered Scrap metal 24-hour news service

BY RAYMOND SNODDY

THE SINKING oil price of the last few months has increased the atpanies of drilling for oil in the Nethnews channel to potential operators erlands and Paris relative to other broadcasting by satellite (DBS) pro-

That is one of the conclusions ITN estimates that it would cost British DBS service could begin in reached by Wood Mackenzie, the £20m a year to provide a round-the-Edinburgh-based strockbroker, in a clock channel of news, sport and report launching a new research current affairs for satellite broadpublication, the North West Europe

"We have sent our proposal to all argues, small discoveries can be economic even at low oil prices: the several of them," Mr Dan Moloney, news channel if necessary. tax regime is relatively light and ITN's director of business affairs, the chances of finding oil are good. said yesterday.
ITN believes that if DBS adds

The report gives lowest marks to Ireland, where the chances of a three new national channels of telecommercial find are low and the tax vision to the existing four terrestriregime discouraging. It gives the al channels, scope should exist for a most likely area for a big discovery

INDEPENDENT TELEVISION from a high-power satellite to dish News (TTN) has offered a 24 hours aerials on individual homes. Applications for the franchise of Britain's three-channel direct have to be in by the end of next month and the IBA decision is expected before the end of this year. A

late 1989 or early 1990. At the moment, ITN is offering its services as a programme provid-er to DBS applicants. But the organisation, a subsidiary of the ITV the serious potential DBS appli-cants and had discussions with ility of funding its own satellite

Deloitte Haskins & Sells, the consultants, are looking at the feasibility of a stand-alone operation for ITN. ITN points out that Mr Ted Turner's 24-hours-a-day cable News Network in the US is now available to 35m households. ITN proposes a same level as in mid-1983. The Wood Mackenzie service contains a database covering all fields in Norway, France, Ireland, the introduced in Norway, Ir

profits hit By Nick Gemett

THE UK's acrap-metal processing companies are suffering a serious erosion of profitability after a steep drop in world prices for scrap. The British Scrap Federation said yesterday that existing trends of rationalisation, in which larger companies have absorbed smaller rocessors, would be accelerated.
The federation's 400 member

companies handled nine tenths of the 10m tonnes of scrap reprocessed in the UK last year. Those companies are fed by up to 10,000 scrap merchants and the industry employs about 90,000 people, includ-

ing casual labour. The price of scrap in the UK which in the world market is priced in US dollars, shot up between 1983 and 1985 up to £64 a tonne. It has now fallen to £37.50 a tonne, the

Rail funds start £4.5bn reshuffle

precedented £4.5bn investment re- management contracts.

Trustees of the British Rail Su-perannuation Fund and Wages consequence of increasing difficult-Grade Fund are expected to select ies encountered by the trustees in about five managers to look after sustaining the British Railways the funds' securities portfolios. Board (BRB) investment depart-

Britain's fifth largest pension fund, professionals follow a fiercely competitive selection process. An initial list of some

nounce that he would not be stand-

ing again for Parliament at the next

He plans to concentrate on a busi-

fice, which owns UK Provident In-

chairman within the next two

Mr Jenkin, who will be 60 in Sep-tember, last night told his local Con-servative Association in Wanstead

and Woodford, in East London, of

Token strike

sought over

By Our Labour Editor

South Africa

THE TUC (Trades Union Congress)

should stage a "symbolic" one-hour general strike throughout the UK

as the first part of a programme of industrial action against South Afri-

ca, a leading trade unionist said last

Mr Bill Morris, deputy general

people's sanctions" against South

Africa, including industrial action.

tary, Mr Ron Todd, last week re-

turned from South Africa, pointedly

said that Mr Morris's speech went beyond the TUC's recently codified

South African action programme,

and would be central to further UK

trade-union discussion of anti-apar-theid measures. The TUC focuses mainly on union campaigning rath-

er than direct action.

But in a speech to Southwark
Trades Council in London, Mr Mor-

ris, while welcoming the TUCs statement, said: "Working people must go beyond what the TUC can

He said the TUC should arrange

a symbolic one-hour general stop-

page of work as "a warning shot across Botha's bows" and called on

trade unionists to take "direct ac

tion" against South African compa-

nies and goods during the Common

wealth Summit
Mr Morris said that because of its

hostility to effective steps against apartheid, the UK Government no

longer represented the great major-ity of British people.

He said: "Nothing shows that bet-

ter than the disgusting spectacle of government ministers claiming that

effective action against apartheid

will hurt black people - as if it were not black people themselves de-mending such international support

The TUC, whose general secre-tary, Mr Norman Willis, accompan-

ied Mr Todd on the South African

trip, declined to comment on Mr Morris's call.

for their liberation struggle."

legally call for."

The TGWU, whose general secre-

board of Friends Provident Life Of- years.

ral election.

SOME OF Britain's biggest contracts for investment management shortlisted candidates was held last are likely to be offered this week to weekend. Now, about half of them a few top City of London banks and are to be asked to submit detailed ent companies in an un- terms as the basis for drawing up

The restructuring of the portfolio Those do not include approximately ment's own capability. With pay lev-2500m of property investments, els for skilled investment managers which are being managed separate-ity. The decisions, which will deter- ture, to pay enough to pay enough mine the future management of to recruit and retain experienced

Last year the drastic decision was taken to disband the depart-25 contenders was whittled down to ment and replace it by new external 10, under the guidance of the funds' managers, together with a small advisers, consulting actuaries R. central monitoring and control unit.

Jenkin will be seventh former

Cabinet member to stand down

MR PATRICK Jenkin last night be-hold high office again and he would cal criticism over plans he inherited

since 1964, having taken over from Sir Winston Churchill, who had rep-

Mr Jenkin held office in Mr Ed-

early 1970s as a Treasury minister

retary of State for, successively, Health and Social Security, Indus-

Having been closely involved in

Overseas directors

appointed by Glaxo

main board directors from over-seas. They are Mr Joseph Ruvane, tive directors from outside the UK.

and Dr. Mario Fertonani, head of world for instance, at a non-execu-

Anglo-Irish talks resume

MR TOM KING, the Northern Ire- week in an effort to enable both

The meeting, the venue for which consider the continuing problems of

the province.

try, and Environment

BY TONY JACKSON

GLAXO has appointed its first two

head of the group's US subsidiary,

Glaxo SpA in Italy. Mr Paul Girolami, Glaxo's chair-

The appointments were a confir-

land Secretary, and Mr Peter Barry, the Irish Foreign Minister, are to meet today in an attempt to heal

the recent rift in the relationship

TSB GROUP, the new company

uniting the UK's four Trustee Sav-ings Banks, plans to spend an esti-mated £4.6m on linking its cash dis-pensers to the Midland and Nation-

al Westminster Banks' joint auto-mated teller machine (ATM) net-

Under heads of agreement an-nounced by the three banks yester-

system is intended to come into op-eration in early 1988. It will give

each bank's customers access to cash from more than 4,000 shared

machines, in what they claim will be the biggest of the UK's four shared ATM networks.

day, the new shared cash-dispe

between London and Dublin.

and, between 1979 and 1985, as Sec-

came the seventh former member now like to spend some years work-of Mrs Thatcher's Cabinet to an-ing in the private sector and in busi-

ness career. He recently joined the resented the constituency for 40

stitution, and will take over as ward Heath's administration in the

his decision. He said that when he many of the key privatisation decileft the Government last September sions at the Department of Indus-

it was clear that he was not likely to try, he ran into considerable politi-

secretary of the Transport and General Workers' Union, called on but I do not exclude another one or

ready in place. Warburg Investment Management has been advising the Management has been suvery.
Wages Grade Fund, and Hill Samuperannuation Fund, in each case in collaboration with the BRB depart-

nies were asked to re-present their capabilities, and were among the 10 on the short list.

Performance appears to have been close to average in recent years. The New Section of the Superannuation Fund achieved a return of 15.5 per cent in 1985, against 15.2 per cent estimated by Phillips & Drew Fund Management as the average return for a private pen-

Past investment performance does not appear to have been a significant factor in the final choice entral monitoring and control unit. of managers during the past week.

Two external advisers were al-

tan counties.

search Associates.

He is the chairman of the British

side of the UK/Japan 2000 group, a

high-level body of businessmen and

Men and Matters, Page 14

Mr Girolami said Glaxo was also

"To have an American view of the

tive level, would not be a bad thing,

sides to overcome the difficulties

arising from Mr Barry's criticism this month for policing policies in

The session is also expected to

TSB forms cash machine link

It will be known as Cigar (Com-mon Interface Group Added-Value

Relay) and is expected to begin tri-

The TSB said yesterday that Ci-gar was intended to be a versatile

system that could allow the bank to

develop an Electronic Transfer at Point of Sale (Eftpos) operation al-lowing for direct debiting of cus-tomers accounts in retail stores. The TSB is also to expand its

chines to 1,900 machines by the end

Speedbank outlets from 1 300 ma- ber.

with Midland and NatWest

ticians that meets each year,

policy and direction will continue to be their responsibility, and the emphasis in selecting managers has been on their administrative capacity to handle large sums, and their ability to allocate expert staff to the British Rail account.

City investment houses are intrigued about the level of fees to be quoted by the selected investment managers. Although most houses quote on the basis of fee scales for portfolios of up to about £100m, with charges falling as low as 0.05 per cent at the top end, there are no precedents for charges on £1bn portiolios.

The next task will be to reshuffle the funds' assets among the new managers. The aim will be to reallocate securities to managers who are comfortable with them, rather than to engage in massive acquisitions and disposals that would involve heavy costs

bank for

for local government reform, no-tably the abolition of the Greater London Council and the metropoli-Before entering Parliament in 1964, Mr Jenkin was a middle manager on the industrial side of Distill-Apart from board membership of Friends Provident, Mr Jenkin is also an adviser to management con-sultants Arthur Anderson and is on the board of National Economic Re-

Prudential-Bache has allocated more than £100m (\$150m) to the development of a financial services i base in the UK, where it now has II MOUNTING mortgage arrears 500 staff. In the last 12 months it | led to a 54 cent increase last year in has achieved a large share of the the number of properties taken into currency swaps and Eurobond issu-

London stockbroking firm, PB Se-curities, Down, deBoer & Duckett,

The new merchant bank will a primary dealership in UK government securities, an equity trading arm, a London Stock Exchange money broking firm and a cospo-rate finance and commercial bank-

man, said: This is a new feature for think they were right. We shall us, and I do not think it will stop probably do it too." Both the new directors are to have their responsibilities ex-tended. Mr Ruvane is to take make it easier to attract other lead-more at 65,200 passengers. charge of Glazo's businesses in Central and South America. Dr Fermation of the increasingly internationani, presently in charge of Spain maion of the increasingly international character of the group. Mr
Girolami said. The US market is now Glaxo's biggest, and the Italian subsidiary is the group's biggest overseas subsidiary outside the US.

Middle East, North and East Africa and Eastern Europe.

ICI's first US director, Page 8 or UK institution

Mr Ball was critical of some of the attempts of his US competitors to break into the UK market. "Companies here want bankers that identify with them and not opportunists that step off the Concord for a few hours and then fly away, he said. "We are following a slow and steady course with no flashy

Investment Pru-Bache

PRUDENTIAL BACHE Securities. a subsidiary of the huge Prudential Insurance Company of America, is to set up an investment and merchant banking operation in London. The bank, which will form part of Prudential Bache's global banking contractors should design, finance services, is to be headed by Mr and operate the £26m works at Pe-John MacArthur, whose recruitment from Kleinwort Benson, the British merchant bank, was announced yesterday.

Since 1984, it has also built up a and acquired a discount house, Clive Discount Company.

ing section.

Mr George Ball, chief executive of Prudential-Bache, said he expected the appointment of Mr MacAr-thur, who was deputy head of Kleinwort Benson's corporate fiing corporate financiers to the company. The aim of Prudential-Bache, he said, was to build up a wider range of global corporate finance corporate clients than any other US | the rail watchdog body, the average

acquisitions."
Mr MacArthur said his priority

would be to establish departments covering mergers and acquisitions and the raising of debt and equity

West on the new cash dispenser

link is expected to be minimal, Mid-

land and NatWest have been shar-

as Barclays Bank, Lloyds Bank, Royal Bank of Scotland and the Bank of Scotland are putting finish-

ing touches to their own shared ATM system, which has been in de-velopment for three years and is now expected to go live this Octo-

Two groups of UK building socie-

Yesterday's announcement comes

ing ATMs since June 1983

cording to industry figures. In its 1986 Fact Book, the Building Societles Association estimates that bad debts forced its member societies to take possession of a record 16,770 properties in 1985, up from 10,870 the previous year and nearly four comprise these two operations and | times the 1981 figure of 4,240. ☐ THE STEEP fall in North Atlan-

tic passenger travel this summer continued in June, with the result that Heathrow handled only 2.71m passengers that month, or 7.9 per cent less than in the same month last year. Against that Gatwick. primarily the centre for short haul European holiday charter passengers, handled 7.3 per cent more pas-sengers, at over 1.7m, while Stanst-

A RECORD number of British Rail passengers complained about rail services last year. According to the annual report of the Central Transport Consultative Committee, level of complaints increased by 39 per cent, but those specifically about fares rose by 103 per cent and those about timekeeping by 60 per cent. The report, to be published on August 4, comes as a big embar-rassment to British Rail, which last week announced a record improvement in its financial performance.

☐ RADIOACTIVE swarf peeled from spent nuclear fuel elements at the Sellafield factory of British Nuclear Fuels in north-west England overheated and raised airborne radioactivity levels above normal on Saturday night, the company said. The fuel decanning plant, where Magnox (magnesium allcy) clad-ding is stripped from the uranium fuel, was evacuated and the overheating swarf cooled with water.
"There is no evidence of anyone being contaminated by this event and operations returned to normal in a few hours." BNFL said.

□ NUCLEAR contamination from the Chernobyl disaster has been discovered in the air-conditioning filters at Liverpool's Ford car facto 🍎 ry. The company emphasised that there had been no health hazard. □ MINISTRY OF DEFENCE is

soon to start advertising in a new fortnightly magazine the full range of the £8.5bn worth of equipmen contracts it places each year with industry, as a further move to promote competition and value for money in defence procurement.

THOUSANDS of pensioners dem onstrated outside Downing Street against the new 40p increase in the scribed as "a bloody insult."

TSB Group technical staff are to links up cash dispensers run by the two separate shared cash-devise and build a new system alfour TSB banks in England and systems, Link and Matrix. Overseas aid only marginally ahead *

chines to 1,900 machines by the end of next year. Speedbank already links up cash dispensars run by the two separate shared cash-dispenser

lowing its nine-year-old Speedbank
ATMs to communicate with the
Midland and NatWest network.

Wales, Scotland, Northern Ireland
and the Channel Islands.

Expenditure by Midland and Nat-

BRITAIN'S OFFICIAL develop- and maintains the downward trend ment," he said. ment aid increased marginally last of the past few years.

year with substantial relief funds In an introduction to channelled to the victims of famine in Ethiopia, the Sudan and other drought-affected countries in Afri-

The Overseas Development Administration (ODA) said in its annual report, published yesterday, that British net official development assistance totalled £1.18bn in 1985, compared with £1.07bn in 1984, a

rise of 4.5 per cent in real terms. As a percentage of gross national product, British official develop-ment aid - government as opposed president, said exports of scrap to private aid funds - remained unfrom the UK in the first half of the | changed from 1984 at 0.34 per cent.

In an introduction to the report, Sir Geoffrey Howe, Foreign Secre-tary, while not mentioning Live Aid by name, pays tribute to "the remarkable generosity of the public in response to all the fund-raising efforts" in a year dominated again by famine in large parts of Africa. Mr Timothy Raison, Minister for Overseas Development, emphasised in his introduction the importance of structural adjustment of the poorest countries' economies.

"In particular, 1985 was for me the year in which an increasing number of poorer countries accept-ed the fundamental need for eco-That is well below the average of nomic and fiscal reform as the pre-the Western group of aid donors requisite of sustainable develop-

That had required political courage but, with the help of the international community, several countries were beginning to reap the benefits of economic recovery, said Mr Raison, "This combination of cathan Asia, economic realism and international co-operation augurs well for our operations in 1988."

The report shows that Britain's individual bilateral aid programmes amounted to £822m last year and support for multilateral institutions accounted for £495m. Aid was provided to 124 countries, with the poorest continuing to receive priority - 62 per cent going to the world's ty - 52 per cent going to the worst s
50 poorest countries. India remained the largest single recipient
of British aid with £106m last year.

1985.

British Overseas Development Administration: HMSO £6.95.

As a result of the particular attention paid to the long-term problem of sub-Saharan Africa last year, the overall regional balance of the bilateral programme changed, with considerably more aid going to Afri-

Africa received 45 per cent of the total allocated and Asia 37 per cent. In terms of emergency assistance alone, Britain's bilateral disaster relief and food aid to Africa totalled

Private investment flows, espe-cially new bank lending, remain desed. The ODA report shows that total private funds fell from 22.3bn to £1.3bn between 1984 and

Alan Cane reports on the electronic fingerprint recognition system which the British Government hopes will help capture criminals and export orders

TECHNOLOGY

Supersleuth' goes in search of commercial backing

Pilk

THE British Government wants to forge links with computer companies to exploit an ingenious idea which could help dramatically to increase the rate at which crimes are solved—and earn the UK millions of pounds in export sales.

The UK Home Office intends within the next few months to seek commercial companies willing to collaborate with it in the development of the prototype of a fingerprint recognition system which it thinks will prove substantially faster and cheaper than any yet developed. If it successfully finds a partner, and the system fulfils its design potential, the Home Office is likely to base a new, fully automated fingerprint service on it.

It also believes that such a system could be sold to police authorities and security organisations around the world. The market is estimated, according to one consultant, at £100m in the US alone. At present, some 40 systems are thought to be installed world-wide, worth a total of about £40m.

The proposed system is based on two key UK innovations. First, a set of fingerprint matching and recognition techniques (algorithms). These were developed by British electronics group Ferranti under contract to the Home Office, and are acknowledged as the best of their kind.

Second, the transputer, the



Fingerprint expert Gerald Lambourne (left), a former Commander at New Scotland Yard, discusses the CAP system with Brian Mosley, the commany's marketing director. Vin Summer. ses the CAP system with Brian Mesley, the company's marketing director, Vin Sumner, principal consultant, and Peter Hall, systems engineer

Mr Gordon Wasserman, an assistant Under Secretary of State with responsibility for the science and technology group within the Police Department at the Home Office, makes it clear, however, that no contracts have been signed.

Furthermore, the Home Office cass of £10m. Existing automated system will have an automated system will have advantages over the UK manual approach.

Evidence for the advantages of the transputer-based system is expected in a yet-to-be-published national system will cost in ex-

consultants Ernst & Whinney which has undertaken a six month, £150,000 appraisal of the UK fingerprinting system and UK fingerprinting system and its requirements on behalf of the Home Office.

40 automated systems instance worldwide. Last week it announced its latest model range "Orion," which it says its requirements on behalf of the Home Office.

Its report is expected to say there is every indication that a transputer-based, fully autousing manual techniques could

hundreds of millions of pounds, it is already dominated by two companies—De La Rue of the UK, through its US-based Printrak subsidiary, and NEC of Japan, both of which have been very successful in selling their systems.

De La Rue has some 30 of the US and elsewhere, identification and security pursuccessful in the US and elsewhere, identification and security pursuccessful in the US and elsewhere, identification and security pursuccessful in selling their systems.

fim and f20m a machine.

De La Rue systems are already used by, among others, the US Federal Bureau of mated system would be viable—
but that the UK's present fine
record in fingerprint matching
on algorithms developed by the

poses. Much use is made of what is called "Ten-print matching" comparing the prints of each of the ten digits taken formally by police finger print experts. The De La Ruc and NEC systems are good at US aerospace company Rock-well International.

And NEC systems are good at matching these prints rapidly.

Trying to match a "cold" or

well International.

NEC has installed its system in police departments including forces.

So any decision is unlikely to be purely technological. It will be taken on a combination of political, financial and technical

be purely technological. It will be taken on a combination of political, financial and technical grounds.

Mr Wasserman has been talking to systems and software companies including CAP. Logica, De La Rue and NEC.

With a view to developing the new system, but he does not report overwhelming enthusiasm.

Although the world market can be measured, in theory, in hundreds of millions of pounds, it is already dominated by two

Quicker and cheaper match by transputer

FINGERPRINTS ARE 2 com-plex pattern of lines, whorls, ridges and so on in which fingerprint experts further distinguish features such as bifurcations, lakes, ridge crossings and bridges. UK law demands at least 16 points of similarity to establish a match.

Enceding the UK National Fingerprint Collection so that it could be searched auto-matically began in 1964 under Commander Gerald Lambourne of New Scotland

Yard.
In the late 1970s and early 1980s, Logica, UK computing services campany, was commissioned by the Home Office to baild a prototype antomated fingerprint recognition system, Based on Prime computers with Fleating Point Systems high-speed arithmetic units, the system, still in use at New Scotland Yard, was extremely accurate but alow and costly.

In the system built by CAP, the Home Office algorithms have been improved and speeded up by Smith Associates, a small software company based on the Surrey University Research Park at Guildford.

The CAP system runs the Home Office/Smith algorithms on a proprietary transputer

on a proprietary transputer system, the "Computing Surface" built by Meiko, a small British company special-ising in transputer techno-

According to Dr C. J. Elliett of Smith Associates, a trans-puter-based system should run 10 times faster than a conventional automated matching system, at one-tenth

matching system, at one-tenth the cost.

CAP's own estimates suggest that a system of 256 transpoters working together could perform 1,200 comparisons a second. Fifty such units could achieve 60,000 comparisons a second.

Efficiency bonuses from the harsh North Sea

THE harsher economic climate surrounding North Sea oil other chambers only part of a other chambers only part of a joint can be worked on. The unexpected bonuses. While the falling oil price means offshore operators are reining in their exploration and development, there are also opportunities for technology to improve the cost-effectiveness in such operations.

The particular makes Town

The outlook makes Tom Ehret, managing director of Comex Houlder Diving, one of a

Ehret, managing director of Comex Houlder Diving, one of a rare breed of oil industry optimists these days. Diving its among the areas hardest hit by expenditure cuts. Business is down 20 per cent for Comex and the continued slide of oil prices offers few prospects for improvements.

But Ehret feels his new developments in the area of subsea welding will produce the kind of efficiency which the industry now wants.

Oil companies laying pipelines and connecting some of the vast sections of plumbing from the sea bed to the oil platforms rely on subsea welding. It is costly and often risky work, especially at greater depths.

As part of their sales and safety pitch in this fiercely competitive market, diving contractors need to show their customs, the oil companies, how well they can operate offshore.

The conditions and performance of men and materials vary greatly from land to 300 or 400 ft under water. The reactions of the welding gases and types of steel used for pipelines differ enormously, as does the efficiency of divers.

The diving companies use hyperbaric chambers on land as sort of showrooms to simulate offshore conditions. Large

does the efficiency of divers.

The diving companies use hyperbaric chambers on land as sort of showrooms to simulate offshore conditions. Large scale welding operation underwater such as pipelaying are carried out "dry" in pressurised vessels which are lowered over pipeline joints to allow divers to leave their fippers behind and cross from their diving bell to carry out a depths.

Behind this venture is the Comex Houlder, its duel citizenship should see the company through the bad patch facing the whole oil industry and allow it to bring into service new technological improvements. their diving bell to carry out a funding for research and weld virtually in their shirt- development offshore.

sleeves.

A new fim hyperbaric centre built by Comex Houlder into play, the innovative mind of John Houlder, who has marine on land. The pressures are built up inside as if it were a chamber indexwater taking and its sophistichamber underwater taking cated support operations.

Research into sub-sea techthe force of the deep water

welds pipe. Called orbital welding machinery there is a plan to introduce this commercially into offshore operations.

the force of the deep surrounding it. Divers enter nology is also a high priority compression chambers just as for promotion by Britain's though they were offshore. Offshore Energy Technology though they were offshore.

The centre has two important advantages as a welding show-room. It has a huge doorway which allows large bits of steel



Kenneth Gooding on forecasts of a record August for motor traders

Revving up for the car sales race

AS THE motor trade braces itself for the annual August bonanza, when about 15,000 new cars will be registered every working day, opinions differ about whether the 1983 sales record will be broken.

Austin Rover predicts it will be and that about 375,000 cars will be sold next month when the registration number prefix the figure was 374,599, when there was a great rush to buy cars with the A prefix.

Ford believes sales will be " a shade up " on last August. That might still be enough to make it the best month for car registrations. In August 1985, sales were 373,253, only 1,346 below the 1983.

General Motors: the Vanxhallopel group, believes there will be a fail this August to 368,000—a far cry from the 400,000 which some in the industry are

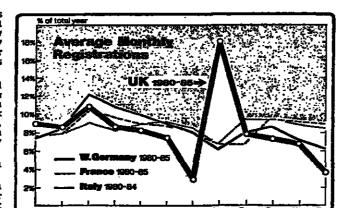
The optimists point to the fact that the D prefix might last for 14 months because of a pos-sible change in the system and to the car market's strong performance so far this year. At the beginning of the year most industry forecasts were predicting new car sales of up to 1.8m or slightly below the record of 1.832m for 1985.

It is now clear that these predictions were conservative and many forecasters are now and many forecasters are now going for 1.85m. In the first half of this year, registrations is no reason to suppose it will were 2.3 per cent ahead of the record January-June period of it put up prices in February 1985 and sales continued to and inflation has fallen to a 1985 and sales continued to climb strongly in the first 20

There is no doubt that demand has been buoyed by Car retailers have enough fierce competition and heavy experience to cope with the

BY STEFAN WAGSTYL

companies can acquire mineral



for new ones.

director and managing editor of

Glass's Car Guide, the most

widely-used guide to used car

"Since the number of used

cars in the trade prior to August this year was generally

well under control, we do not anticipate that the present

influx of part-exchanges will be in any way cause major changes

within the market. Present evidence points to the trade

being able to absorb the bulk of these part-exchanges without

Meanwhile, the arguments

continue about whether the bulge caused by the new prefix should be shifted to another month. The Transport Depart-

Difficulties arise because a

company has to win a support-

ing statement from the Trade and Industry Secretary saying there is a "national need" for a particular project before permission to buy rights compulsorily is granted. The report argues for "national need" and "antional interest" to be

too much difficulty."

dvertising by manufacturing. This year there has been a change in tactics by the big three producers, which have been concentrating on low-cost finance schemes to attract private buyers during the run-up to August.

Some of the schemes include service, maintenance and spare parts for two or three years as part of the package.

Ford is almost certain to offer an incentive to those who can-not make up their minds to buy in August by giving early warning about a price increase half-way through the month.

level where two price increase in a year might be considered excessive.

THE LAW on minerals rights owners who refuse to co-pulsorily under certain con-

needs to be reformed and operate with mining companies. ditions.

companies can acquire mineral rights from landowners are long and costly. They fail to deal adequately with multiple Acts, which allow mining commership of land and with panies to purchase rights comdefined.

streamlined, the Royal Institution of Chartered Surveyors has
said,
The institution says that the
procedures by which mining

procedures by which mining be unnecessarily severe.

Surveyors argue for mineral rights law reform

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years but has said it is willing to listen to other suggestions. However, the industry is hopelessly split on the issue and is unlikely to be able to put up a united front to change the department's mind.

Austin Rover, Britain's stateowned car producer, wants the prefix abolished, but the department will not consider that option because the police say the prefix helps them identify

The Society of Motor Manufacturers and Traders contends that October will be acceptable. A change to that month should lead to smoother sales and pro-duction patterns, it says. But the Motor Agents Associa-

tion, representing the dealers, would prefer no change and insists that an October prefix would cause hig problems in Anoust rush and the flood of used cars taken in exchange sing of the used cars taken There are reassuring words as trade ins. for them from Mr Leslie Allen,

The most serious warning so far has come from Leslie Allen who says a change to October could severely damage the in-frastructure of the used car business as well as hitting new car sales.

"The used car business will be faced with rising stocks and falling prices at completely the wrong time of year," he says. "Customers will find they are talking to a motor trade that will either be unable or unwilling to discuss part-exchange."

There have been other warnings, echoing Mr Allen's predic-tion of a 10 per cent fall in used car values if the shift to October goes ahead.

However, that still seems to ment has indicated that the prefix change will move to October in 1987 and subsequent he the most likely outcome as October has the vote of both the

The acts are a rare example

of legislation which allows one

private individual (often a

large company) to acquire

rights compulsorily over the property of another, the report

Access to Mineral Resources in Great Britain, Royal Institution of Chartered Surveyors, 12, Great George Street,

London SW1.

George Street,

Bradford to seek special development status

By lan Hamilton Fazey

BRADFORD, once the week capital of the world, is to ask the Government and the European Community for special status so it can start a filom programme to re-generate its economic base over the next five years.

The Yorkshire borough, which also includes Keighley, likley, Shipley and Bingley, has 38,900 unemployed out of

Without argent action, the jobiess total is expected to rise to 50,000 by 1396.

The area has been hit badly by the decline of the textile industry, a failure to attract private sector investment, and an expansion of the local population. It is therefore asking to be designated a suitable area for a European-backed integrated operations action programme. This would combine and coordinate all sources of help from the Consument and the Consument and the

from the Government and the

European regional develop-ment and social funds and would be worth £110m if the al were accepted proposal were accepted.

The programme would pay
for industrial medernisation,
the development of a tourist
and entertainment industry,
widespread training for employment, technology transfer
schemes, as well as improvements to transport services, the local infrastructure and

the environment. It has been drawn up by Graham Moss Associates, the Bristol-based planning con-sultancy, at a cost of £120,000, 60 per cent of which was paid for by the Community. Under the programme, the

Community would continue to be the main contributor, prebe the main contributor, previding £53m of the total.
Bradford Council would put
in £38m, including urban aid
money from the Government,
which would also be asked
for another £5m. Private
sector and other sources
would account for the rest.
However, the projects
involved would be designed
to make Bradford a more
attractive place for investto make Bradford a more attractive place for invest-ment. The study anticipates that this would "lever" £2 of private sector money for every £1 of public money pro-vided. It thinks that this would help create 5,500 jobs and make Bradford a national charming.

'a kind of hormone injection' Tony Jackson meets

US director hopes to give ICI

IT IS remarkable that Mr Thomas Wyman, appointed at the start of this month as the first US board director at Imperial Chemical Industries, they id have sound time to the should have found time to take an outside, non-executive post at a company on the other side of the Atlantic. recruit to a

As chairman — and sole executive director — of CRS, the US media corporation, he has been exposed to more or less continuous assault from corporate radiers over the past boardroom ranks

year or two. He also spends time on the boards of General Motors, AT&T and the Ford Foundation. One factor which has brought him to ICI is an admiration for the atmosphere of change and energy in the chemicals group under the chairmanship of Sir John Harvey-Jones.

Another important reason is another important reason is ICI's interest in introducing a greater diversity of board members. This is an idea not much developed in the UK, but Mr Wyman's CBS pursues it vigorously in the US.

Mr Wyman is the third in a series of overseas notables brought on to the ICI board as non-executives by Sir John. The other two are Mr Walher Klep, a distinguished West German public servant and head of the West German insurance group Gradmann and Holler, and Mr Shoichi Saba, head of Tarkhik Companyation of Yarkhi Toshiba Corporation of Japan.

The appointment of Mr Saba last year was seen in the industry as an especially smart move, since it widened KCI's contacts not only in Japan but also in the world of electronics. Does Mr Wyman's appointment fall into the same category?

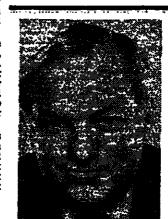
"There's only one chance in "There's only one chance in a hundred of direct business links," he says. "That isn't the objective anyway—commercial links ought to be conducted farther apart."

One thing he reckons he can contribute is contacts in the

US business and financial community. "ICI has a £2bn business in the US, but if you asked people in New York, you'd find they see it as a £60m business. There's a need to communicate a corporate identity to the business and financial community,

the latest overseas

chemicals group's



Thomas Wyman: admires atmosphere of change

The main attraction for him is clear. "ICI is an unusual company, with a very large proportion of its business spread around the world. When John Harvey-Jones first asked me if I was interested three years ago" — when he says he was not in a position to accept —"I found it a fuscionating idda. — I found it a fascinating idea that he might deliberately want so many board members from around the world.

"It's the direct opposite of having all your board members living within 75 miles of London — which would apply to 98 per cent of British com-panies, and the same for their New York counterparts. This way, you get different pers-pectives, wider contacts, and a kind of hormone injection."

Mr Wyman is sure this pattern will become more popular. "Within limits, diversty on a beard is important. You need a mixture of ages, of financial people and marketing people, outsiders from high-technology industries, college presidents doubted and marketing people.

sumer industries." This idea is not yet the case in Britain — at Beecham's annual general meeting last week, a shareholder's question

on female board representation was greeted with male ribaldry. At CBS, however, the principle of diversity is pursued with determination. Mr Wyman says: "We have Mr Wyman says: "We have on our board the heads of Honeywell computers, Corning glass, Cummings diesels and Revion cosmetics. We have a woman who was US representative to the UN, the chairman of the Ford Foundation — who is hlack — and an ex-secretary of Defence in the Carter Administration who is now an academic."

For an enthusiast like Mr Wyman, it seems fitting, if a touch extreme, that the isside directors of CBS should total just one — himself.

He became chairman in 1983 and says: "When I arrived there were four other inside directors but we changed that They now participate in meet-ings as members of manage-ment, not of the board."

What attracts him about ICI?
"If you were asked how would you like to go on to the board of a large company which has been in industrial products for 100 years, making ammonia and potash, with meetings in London?" and nothing more was said, the answer would have to be no. What attracts him about ICI?

"But if you sensed that a "But if you sensed that a traditional company was engaged in altering not only its business but its culture, in the sense of financial and business criteria and so on — if you were asked to be part of that process both as a participator and as an observer to be educated by it — that's a different matter.

"What John Harvey-Jones conspicuously radiates is that he's an agent of change, and unconventional in the best sense. My first board meeting convinced me there's an energy in the air that it's interesting to be a part of, and try to understand."

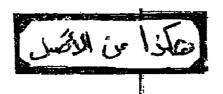
a corporate identity to the business and financial community, and to the press."

From his experience of non-executive directorship at General Motors and AT & T, he eave "henefits flow heavily in both directions. You inevitably is not considered fully develate away as much as you on it, especially in contract of ages, of financial people and marketing people, outsidents from high tectful man, Mr Wyman has tectful man, Mr Wyman has that one covered without being asked. "All the signals are that the momentum is in gear," he says. "It will clearly survive oped unless it has a woman or transition."

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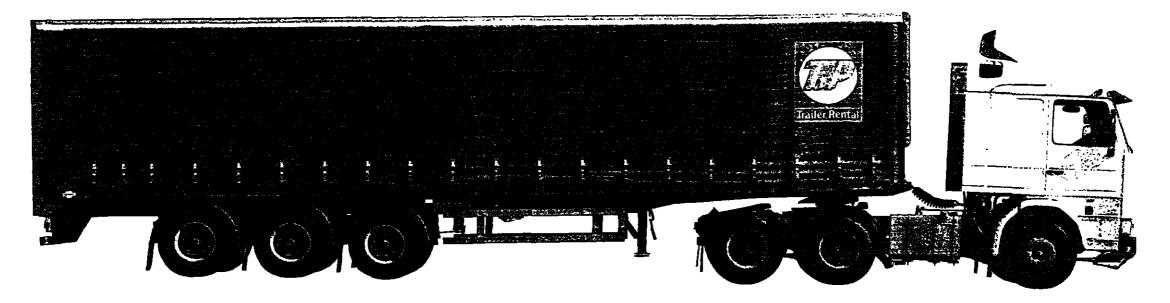
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June 14th 1986

CITICORP SVENTURE CAPITAL

MANAGEMENT: Small Business

Irish Republic

The search for high flyers goes upmarket

BY WILLIAM DAWKINS

ON THE face of it. Tom Carroll's main task in life does not sound very promising.

His job is to pick potential winners from the small business community around Shannon in the south west of the Irish Republic and work them up into

It sounds unpromising because the Irish economy is dominated by large foreign groups—they provide more than a third of gross national product—attracted by the generous aid packages offered by the Irish Industrial Development Autho-

rity (DA).
That is also why Carroll's job as managing director of the Flassey Technological Park Innovation Centre near Limerick is so important. Foreign investors certainly create the jobs that Ireland needs to whittle away at its nearly 18 per cent unemploynearly 18 per cent unemploy-ment rate, one of the highest

But, as the IDA's critics point out, foreign businesses have little more than an indirect impact on the domestic eco-nomy's ability to grow busi-nesses that will be independent of the all too often erratic whims of outside corporations. A mere 30 per cent of the republic's new jobs came from small businesses in 1983-84, a poor comparison with Britain and the US where the sector produces practically all new

The Plassey centre, an oriental-looking low-slung building opened six years ago with IEL.5m (£1.4m) from Shannon Development Company, is Ireland's first organised attempt to pick out and promote small business high fiyers. Small business research all over the world her shour that the hulk of the has shown that the bulk of the strike out on their own, sector's new jobs is produced by The most important part of a very tiny proportion of grow-ing companies—and those are the ones that the Plassey centre for would-be entrepreneurs, is trying to identify.

"We are looking for the out-fit that breaks the mould of the ful enterprise. small company and is going to The idea is to force partici- attractive enough for venture employ not 50 people but 500," pants to assess accurately their espital funding.

says Carroll. Plassey is also a pioneer member of the chain of 30 similar organisations across Europe which make up the Brussels-based European Busi-ness and Innovation Centre Network (EBN).

The EBN has yet to see any results from the grand plans it outlined at its formation 18 months ago for technology and other information links between network members. But Carroll's results trained to help peculiar position trying to help entrepreneurs in a country where the odds are stacked more steeply against small busi-

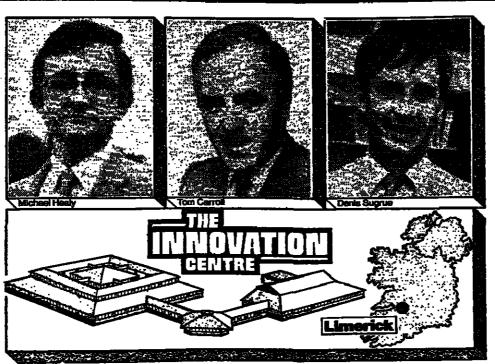
other services from the centre's nine senior advisers and a pool of finance to help project ideas develop into a commercially fundable state.

limitations of their domestic markets to export far earlier in life than their European counterparts.
Most of Plassey's high tech-

nology alumni comes from the

National Institute of Higher Education, Ireland's leading technology university. Others are enticed out of

for would-be entrepreneurs, typically led by somebody who has already built up a success-



Exports

mers in the US long ago.

That is the view of the man-aging director of this maker of

workshop at the innovation centre where it still keeps its

research and development department—before moving to

Intepro's experience illustrates how Irish small business policy is as much directed

a larger office next door,

base

peculiar position trying to help entrepreneurs in a country where the odds are stacked more steeply against small businesses than most gives him a special insight into how to pick aces from an unpromising pack. The person more than his ideas, Looking for minds his ideas, Looking for minds In many ways, the Plassey open to receiving new project setup is similar to those of EBN counterparts from Aston in Britain's Midlands to Berlin: low rent workshops on fiexible terms, management advice and other services from the centre's nine senior advisers and a pool came to our presentations. Now

of finance to help project ideas
develop into a commercially
fundable state.

The difference is that the 29
projects now beavering away
at Plassey are compelled by the
limitations of their domestic.

Revealingly all but one of aging director of this maker of automatic power supply test equipment. 34-year-old Denis Sugrue. He says: "Our entire growth had to come from ex-ports right from day one. That has been a very serious dis-advantage." Revealingly, all but one of the centre's 12 failures col-

the centre's 12 failures collapsed well before they reached commercial production because they found the market for their products was too small or did not exist.

At least two of the centre's brightest alumni—as shown on this page—have had to make big changes in their initial plans and have had to go out—workshop at the innovation. plans and have had to go out-side Ireland to sell their products. They are among the five businesses to have come out of the centre good enough to raise commercial venture capital, a total of If1.35m attracted with the help of so-called "matchmaking" confer-ences organised by Carroll's

ences organised by Carroll's staff to bring investors and small enterprises together.

Another 40 projects are under the centres' wing in early appraisal stages, half of which Carroll heliame. appraisal stages, half of which Carroll believes will become were lecturers at the nearby National Institute of Higher Education when they developed their business plan, both draw-

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ing on earlier industrial experi-

They have so far raised 12550,000 in two rounds from a consortium including Alfa IF IT WERE not for the generosity of the public aid available in Ireland, it is quite possible that Limerick-based French venture capital group.
Last year's sales of If1.8m, 85
per cent of which were
exported, brought taxable
profits of If130,000, forecast to
rise by 50 per cent this year. Interro Systems would have moved near to its main custo-

The main cost of staying in The main cost of staying in Ireland, says Sugrue, is that the company's geographical remoteness forces it to spend 40 per cent of running costs on marketing, which involves keeping a fifth of the staff permanently abroad in Britain, West Germany and Massachusetts. The advantages are that manufacturing and develop-ment cost as little as half as in the US thanks to Ireland's low wages, a side effect of the country's high unemployment rate. Even so, says Sugrue: "It would not have been possible for us without state help."

Complicated structure

NONE OF Plassey Innovation Centre's clients better illustrates the importance of the old venture capital adage that managers are more important than products than Ashling

Set up three years ago by four

rechnology that over 152m this expects to turn over 152m this year, up from sales of 15680,000 in its first trading period. The group makes low-cost emulators, electronic devices which are programmed to perform like specific pieces of computer hardware to help chip designers. Ironically, the group's 38-year-old managing director, Michael Healy, had something quite different in mind when

COUISO.

quite different in mind when he joined the part-time course while still working as a research and development executive for neighbouring Wang Laboratories. "I was planning something to do with an electronic but I came leavened." thing to do with an electronic mail service, but I soon learned that the exact nature of the project was not the most critical issue. The important thing was to find the skills needed and to look at the markets I might be addressing."

Two other course members, Gerry Stockil and Gerry Joyce, young graduates from the republic's National Institute of Higher Education, were meanwhile learning that their idea for an emulator was a good one, but they needed a more experienced team than just the two of them to turn it into a company.

Together with another course rogerner with another course member, Brian Lindsey, a former IBM salesman, they managed to raise about 1£100,000 in innovation centre loans and in innovation centre loans and IDA guarantees to get through the development stage before pulling in another I£500,000 from Dublin-based Development Capital Corporation, and the London risk capital groups 3i and Alta Berkeley.

and Alta Berkeley.

Apart from helping to put together the team in the first place, Healy reckons that the other key part of the centre's contribution was to provide cheep space for the company to inhabit in its cash hungry early stages. Only now is Ashling, with its 37 staff, ready to move out to fully commercial property.

perty.

"It is important for a com-"It is important for a company like us not to have to invest too much in bricks and mortar. Think what your technology is and put money into that—don't invest in anything else," says Healy. That is particularly true for a venture which is forced by the small size of its home market to export 97 per cent of its sales to 14 countries. Most exports are handled by distributors, but the group still has to pay for two of the founders—Joyce and Lindsey—to live in West Germany and California and is now looking for executives to place looking for executives to place in London and Paris.

Most high technology British companies the size of Ashling could afford to wait two or three years before having to shoulder a complicated manageparticipants in the centre's first shoulder a complicated a six-month entrepreneurship and ment structure like that.

£2.5m sought for seed funding

for well over a year is now treading the streets for up to £2.5m to invest in prototypes

and product ideas.

JMI Seed Capital aims to
work undeveloped projects into
companies suitable for maincompanies suitable for main-stream venture capital funding by making available sums of £100,000 or less and by partici-pating closely in the manage-ment of its enterprises. Normally, venture capitalists professing to offer US-style hands-on management can only be sure of covering running costs if they

of covering running costs if they invest far larger sums in more established businesses.

That is why, points out Philip Percival, JMT's managing director and former European director of Arthur D. Little, the consulting firm, the fund's management fee has to be unsually high. If JMI raises the full £2.5m, its estimated £150,000 annual charge will come out at 6 per cent of funds under management, well over twice the 2.5 agement, well over twice the 2.5 per cent fee that is normal for larger venture capital groups with their economies of scale and more developed invest-

Nine hig institutional investors appear to have been per-suaded that JMI is enough of a special case to justify its fees and have accordingly promised £1.75m. Significantly, they include GEC Finance, the first time the electronics giant has

THE FIRST true seed capital invested in a venture capital fund to be launched in London fund. - JMI will also have an independent source of income through its own management group, which expects to earn roughly £50,000 in the first year from consulting for vents

from consulting for ventures outside its partner's sted capital portfolio. Not suppla-ingly, Jail has strong US links. It takes its name from Sermour Joffe, who launched his first seed capital fund six years ago in New York before becoming a vice president of Gartner. Connecticut-based informaties technology consultancy. Julie will be part-time chairman, leaving the day-to-day management to Percival. There are also four non-executive directors is the advisory group, who are all running their own vaccessful

ventures. In another US touch, the directors will submatically have a 20 per cent share of capital gains when the operation is wound up in 10 years. The first investment is to be a £178,000 injection into Crystal Technologies, a US producer of secretarial workstations and an earlier Seymour Juffe backed venture. Crystal is just starting venture. Crystal is just starting full production and expects a public flotation in 1988—but Percival stresses that this will be untypical of most of JMPs investments, which will tend to be at a much earlier stage.

In brief...

A SYMPOSIUM is to be held in Luxembourg from September 23 to 25 to examine the problems associated with commercialising publicly

commercialising publicly funded R and D.
Opportunities for small enterprises and measures that could be taken by the European Community will come high on an agenda which covers both European wide and national attempts to get public research out of labora punite research out or labora-tories into commercial markets. The registration fee is BFr 2.000 (£44). Details from D. Nicolay, DG XIII/ A2—JMO B4/086, L-2328 Luxembourg.

ENTERPRISE Training Services, a London-based training organisation, is looking for people to take part in its new business programme. new business programme, which runs from September

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20 to December 7. Fees are paid for by the Manpower Services Commis-sion (MSC) and the course will cover in 16 sessions how to set up, finance and manage a small business. Marketing, financial planning, buying a business, franchising, law and taxation are among the sub-jects to be covered. Details from Alison Arnold, Enter-prise Training Services, 100 Baker Street, London W1.

Meanwhile, Durkam University Business School is now open for applications for its new enterprise programme, aimed at people with ideas for fast expanding businesses which expect to employ at least 10 staff within the first count of verst

emptoy at least 10 stan within the first couple of years.

Also funded by the MSC, the course starts with a three-week residential period at the school and continues for 16 weeks. Details from John Taylor, Durham Univer-John Taylor, Durham University Business School, Mill Hill Lane, Durham, DHI SLR.

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Lazy days of summer, season of the connoisseur

New Yorkers may not have and understanding, for the a compact summer exhibition works have come out from comparable to the Royal under wraps and have been comparable to the Royal Academy's; but during these weeks, when the city slows to a leisurely Southern pace, an afternoon's visit to the galleries' annual summer shows lets one catch up on artists missed during the year and see some of next season's new faces. Even more rewarding than these exhibitions of gallery regulars, with titles like In Full Bloom Summer Issue, however, are the several thematic shows

connoisseurship on both sides of the gallery door.

Nowhere is this better displayed than at the Robert Schoelkopf Gallery's The Modernist Movement in America, an exhibition of 28 on the whole small works that make a big statement about this formative period in American art—from 1912 to the 1950s—just before the major Abstract Expressionists made their big splash. Bob Schoelkopf is famous for his "backroom treasures," a personal collection treasures." a personal collection of assorted modernist works which one used to be permitted to peruse at leisure until a few small sculptures disappeared and it was put under lock and key. This official show can be said to be a reward for patience

given an order that enhances themes and relationships.

No sooner does one register Konrad Cramer's Still Life by Window, a sunny Cubistic view outside, a duomo in shades of pink, contrasted to a dark green vase of flowers inside, then one sees hanging nearby two other equally fine still lifes, another by Cramer, Fruit Bottles on Tip-Table, and Jan Matulka's Still Life with Wine Bottle and Bowl are the several thematic shows this summer that reveal as much about a gallery director's own pursuits as about the artists.

Come July, everyone either relaxes or leaves town, or both, and the galleries are left to 4 as they please. Throughout the year, the pressure has been on to exhibit (read: sell) work by

Life with Wine Bottle and Bowl of Fruit. On another wall, two small 1916 oils by the colourist Morgan Russell from the Symall in the same and configuration that one recognises may become diluted in his larger canvasses. This is true also of Thomas Hart Benton's Mural Sketch of the same period. as they please. Throughout the year, the pressure has been on thomas Hart Benton's Mural Sketch of the same period. Sketch of the same period. Sketch of the same period. Painted on tin in a lunette a shape to the art market which for many has meant introducing new trends and convincing new trends and convincing in the party of t for many has meant introduc-ing new trends and convincing collectors of their validity. To my mind, summer is for quiet connoisseurship on both sides of the gallery door.

Nowhere is this better dis-played than at the Robert Schoelkopf Gallery's The

Seventh Avenue).

The artist who fixed the look of New York best for all time was Joseph Stella—here represented by a c. 1919 Skyscraper Study in charcoal and blue crayon that looks as if it came off someone's drawing board last week, and a small ink and watercolour sketch called Study for New York Interpreted, which has a brilliant display of streaming lights that might well have illustrated this past Fourth of July celebration, all in 3½ by 12½ inches (50 West 57th Street reopens on August 12).



Page from a Picasso sketchbook — a stage in the development of Les Demoiselles d'Avignon

one of the most beautiful sculptures of the last ten years is on public view for only the second time—Christopher Wilmarth's Days on Blue. Wilmarth frequently cites his admiration for the way the rays of the setting sun in summer slant through New York City's side streets and his desire to walk one of those streets to its end at the Hudson River to experience the full display. His earlier sculptures were about this luminosity and contained light, and hence the viewer's desire to enter into that enclosed world. His materials are steel and glass etched with acid in a painterly fashion, so that the frosted surface brings out the true pale green colour of glass. true pale green colour of glass. Some patches are left clear and reopens on August 12). tantalize because one can At Hirchl & Adler Modern, almost see inside. In Days on

of the most beautiful Blue, an approximately 18-foot-

world of mysterious light.

In other rooms are Cy
Twombly's numerical musings
and sketches and Joe Zucker's
landscapes of cotton, acrylic
and rhoplex on canvas that bear
of summer (36 East 75th and sketches and Joe Zucker's painted appropriately at the landscapes of cotton, acrylic and rhoplex on canvas that bear a great resemblance to this writer's painted pasta constructions in elementary school. But, in favourable contrast one finds behind the gallery desk Fairfield Porter's 1966 painting, 175 sketchbooks, on loan from Crowded Table, with every single dish still claiming its part in the festivities as if after a happy summer brunch (851 in between the pages. These

Museum, Xavier Fourcade has established ocuvre — they mounted an exhibition of John bring alive the artist's daily Chamberlin sculptures to cele-brate his retrospective at the Muesum of Contemporary Art never stopped, either drawing invitation and all the new ideas or simply recording invitations. in Los Angeles. Alongside, by invitation, are works by six the passing view — in this friends, and since the friends are Willem de Kooning. Dan No. 26 of a middle-aged woman, Flavin, Jasper Johns, Donald Judd, Malcolm Morley and Frank Stella, this is a fine occasion for midstands a grantial state. Frank Stella, this is a fine occasion for mid-summer, especially as the works are not always what might have been expected. Although Chamberlin still uses his medium of crushed automobile, the towering assemblages have lost any flatness and in another, the first priming and instead colourful steel in pencil in No 77 may even be sheete with compositive designs. sheets with graffiti-like designs are rolled into columns that

original forms.

Frank Stella's small 1986 wall long, seven-foot-high steel con-struction, the middle portion of Soil, of patinated bronze, titathe steel plate opens up and nium and cast steel surprises folds partially back and a pane of etched glass is inserted at an angle almost like a revolving door—an imaginary portal to a world of mysterious light.

In other rooms are Compared to Morlay's Diagram of the Chamberlins. This almost no-colour affair of wavy, twisted and egg-crate shaped metal fragments makes one anticipate his

On East 75th Street, around are the unknown works that the corner from the Whitney do more than illuminate the

considered the best among the finished series, and many of the stand together as a base crowned early cubist drawings are com-with horizontal projections. An occasional vent grill or other notebooks themselves range recognisable part evokes the original forms. ones with leather-tooled covers and spiral notebooks where the spirals have been carefully and temporarily removed to display

> The whole gallery has been redesigned for this brilliant in-stallation of low cases, and al-though the exhibition will travel (thanks to American Express), first to the Royal Academy in September, this opportunity of

sketches in sequence.



Mother and Child from one of the Picasso sketch-books on show at the Pace Gallery, East 57th Street

Queens of Song/Wigmore Hall

The King Goes Forth to France/Savonlinna

Andrew Clements

Sallinen in particular.

The King Goes Forth to
France was first seen in 1984
and Max Loppert then discussed
There's no denying that some and Max Loppert then discussed it here at length. Sallinen's of his ideas are brilliant imagicommission originated as a joint venture between Savonlinna, the BBC and Covent Garden, and we know now that the Royal conception of the Burghers of Opera is at last going to give the British premier next February, conducted by Okku Kamu. It will be fascinating to com-

To come down from the friendliness and quiet of the Kuhmo Chamber Music Festival to the bustle and cosmopolitan atmosphere of Savonlinna is a genuine culture shock. Savonlinna has now set out its stall as the opera event of Scandinavia, aiming to attract the international audiences of Salzburg to a Finnish town that has unimpeachable attributes as a festival centre, with scenery that seems to be more lake than land and the magnificent castle operas are staged.

Savonlinna already has its own traditions: this was the 14th war in which August Experiment.

operas are staged.

Savonlinna already has its own

Come through strongly.

What Holmberg has done is to

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The Address of the satire

Controls the orchestra with staging of The Magic Flute has been presented, while Sallinen's already convoluted scenario already convoluted scenario to become another established favourite. The new production this year was Aida, on which I will report later; in the meantime some reflections on the revivals and on the Sallinen in particular.

bur the edges of the satire controls the orchestra with great clarity and directness, while the chorus in particular work and sing like Trojans. The deniably he has created a highly effective piece of the satire completely, and make an already convoluted scenario to follow. Understanding the controls the orchestra with great clarity and directness, while the chorus in particular work and sing like Trojans. The case seems well grooved and highly effective piece of theatre, but spectacle seems to have mattered more than making in meaningful fusion because of the satire controls the orchestra with great clarity and directness, while the chorus in particular work and sing like Trojans. The case seems well grooved and highly effective piece of theatre, but spectacle seems to have mattered more than making in a meaningful fusion because of the completely, and make an already convoluted scenario to follow. Understanding the chorus in particular work and sing like Trojans. The case seems well grooved and highly effective piece of theatre, but spectacle seems to have mattered more than making like Trojans. The case seems well grooved and highly effective piece of theatre, but spectacle seems to have mattered more than making like Trojans. The case seems well grooved and consistent, with Sauli Tilli-said the chorus in particular work and sing like Trojans. as Caroline with the Thick Mane,

The Magic Flute, however, seems to be showing its age at last and apparently will be retired after next year's festival. The production still has considerable charm, and I warm to any version that has a real ary, conducted by Okku Kamu. It will be fascinating to compare that with the original Finnish show, for the main problem which the Savonlinna production presents is that of separating the opera itself, music and libretto, from Kalle Holmberg's highly characterised staging.

I suspect that the best place to begin is the libretto, for Paavo Haaviko's Finnish text

balanced again a failure to deal fire-breathing dragon, out the definition has largely gone. Osmo Vānskā conducts a brisk, most crucially the characterised strong women, two Carolines, two Annes, who have such high hopes of gaining the King's favour.

In such circumstances one ought to be able to fall back upon Sallinen's music for coherence is precisely what is Papagroo (Tero Hannula) to lacking — its recurrent ideas fire-breathing dragon, but the

Gary Wilmot/Fairfield Halls, Croydon

No child between the ages of six and 12 years will need a critic's recommendation to catch Gary Wilmot this summer. The impressionist, singer and all-round entertainer who resembles a young, incipiently chubby Harry Belafonte, is a TV favourite, and deservedly so. Last November he stole the Royal Variety Show with his mediey of American vocal stars singing Cockney classics: Stevie Wonder, Tony Bennett, Prince and, best of all, Randy Crawford doing "Knees Up Mother Royal, Williams agentic anget."

The fluency of the show, introducing the narcissistic singer aducing the narcissistic singer with a series of false starts, or mucking in with a pleasing zany double act of false starts, or mucking in with a pleasing zany double act of false starts, or mucking in with a cheap wooden interior and a dull galaxy of elderly ushers—was a disaster. But whenever Mr Wilmot was on he overcant all obstacles. He is a genuinely gifted, funny and sympathetic performer, from the moment he look like Holiday Camp clones for Streisand and Sheenah Easton; they ruin "I Know Him. So Well" from Chess, smothering it in gesture and phoney for words. He him floundering for words. He mediey of American vocal stars for Streisand and Sneenan day night when old irrends and Sneenan day night when old irrends and Sneenan day night when old irrends and South So Well "from Chess, smother and, best of all, Randy Crawford doing "Knees Up Mother Brown," Andy Williams agonising over "Boiled Beef and Carrots."

for Streisand and Sneenan day night when old irrends and South London background declared ing it in gesture and phoney themselves and very nearly left him floundering for words. He and sound system in the hideous though.

This summer Mr Wilmot has been dividing his time between the TV studios and a whistle-stop tour of seaside resorts and stop tour of seaside resorts and civic theatres. On Saturday night he was in Croydon, Sunday in Torquay. He performs familiar material, perhaps now over-familiar, including that Cockney medley: Norman Wisdom on a parachute jump, a really brilliant Johnny Mathis, the airport announcer in several languages. Less happily, he sings a dreadful song be has written with his musical director Irvin Jaye but redeems himtor Irvin Jaye but redeems him-self with presentation and general personality points.

Just as Lenny Henry used his own blackness to make satirical points about the news-caster Trevor MacDonald, so caster Trevor MacDonaid, so Mr Wilmot has been creatively irreverent about the BBC's Moira Stewart. The TV comedy show is suited to quick change impressionists; the stage is more cumbersome, so we have no Moira Stewart and no Tina Turner, one of his most brilliant evocations. Instead,

Mr Wilmot sacrifices himself to



Gary Wilmot

Michael Coveney

were included by the narrator, Seammus McGrenera, here. But the main virtue of an evening like this is the chance to have

mercadante and Meyerbeer Donizeth's Linda di Chamounix put in appearances, as one was not unworthy of the might expect. So, more unquoted comparison with usually, did Vincenzo Pucitta: Sontag. Gerald Martin Moore an excerpt from his La Caccia was the accomplished planist, di Envico IV, sung with much writer of countless decorations vivacity by Marilyn Hill Smith and arbitrator between the and Linda Ormiston, gave an three rival Queens of Song.

Richard Fairman In the 1860s Mrs Clayton idea why we do not hear him wrote her history of the prima donna. She called it "Queens language seemed to know of Song," a title that made an equally apt choice for Sunday tonic chords. Even Mrs Clayton light's recital. Just as the leading figures in her book are

banished him to the index.

Some of the other items, how night's recital. Just as the leading figures in her book are
Catalani and Sontag, Pasta and
Viardot, so they were here too
—a veritable dynasty of ladies, early opera Bicaca e much lauded by writers and critics, who usually tell us a mature, elegiac writing for the lot about what they did off stage, but little about what they

did on it.

It would be quite possible to 6H an evening with those though not very even tone by

did on it.

It would be quite possible to was given with some panache, fill an evening with those though not very even tone by stories alone. A number of the the mezzo, Linda Ormiston, old favourites, from Emma Later on she hit a soprano's Calve singing Carmen in a post high E fiat and played a duet office to Ernestine Schumann- by Moszkowski at the piano. Heink stuck in the scenery at the Metropolitan Opera House, donnas (Malibran or Viardot excepted) could surely have equalled a feat like that. But for the main virtue of an evening like this is the chance to have a sample of operas long forgotten and in this the programme did not let us down.

Mercadante and Meyerbeer

Mercadante and Meyerbeer

Donizetti's Linda di Chamounix

BBC Symphony/Albert Hall

David Murray

Replacing Pierre Boulez orchestral construction of in-(retired by a broken knee) and exhaustible richness, no less as

genuine discoveries. His account of Jeux came

Replacing Pierre Boulez (retired by a broken knee) and his Prom programme for Saturday, Ronald Zollman made a splendid impression with the BBC Symphony. If his Bartok four Pieces op. 12 missed the but each passing event got its note of unanswerable conviction, they were acutely researched; in a concert performance of Stravinsky's oddlycut gem Le Rossignol his pacing and judgment were impeccable, and for Debussy's full luminous value (superbly realised by the BBC players), always retaining the sense of elusive whispers that marks the entire score. Stravinsky's Rossignol is a pacing and judgment were impeccable, and for Debussy's famously fractured score: one act composed before Rite of sympathetic magic. It was a delight to hear the orchestra in such refined form.

Bartok's op. 12 "Pieces" are obviously the size of at least a Sinfonietta, if not a Symphony. Bartok disclaimed such pretensions: the pleces are self-contained genre studies, not symphonic movements. Still I semperor, and Ian Caley so contrary, they represent (along with Duke Bluebeard's Castle) in orchestral construction of inexhaustible richness, no less as well-sprung, cogent sequence than as a string of brilliantly suggestive inventions. In Zollman's hands it moved tautly, realised by the BBC players), always retaining the sense of elusive whispers that marks the entire score.

Stravinsky's Rossignol is a stravinsky's interest in writing "exotic" vocalise for his Nightingale, Neil Howlett patrician enough as the Nightingale, Neil Howlett patrician enough as the Single had waned). Here, who is prevented to the prevented to the symphonic movements of the prevented to the symphonic movements of the prevented to the province of the patrician enough as the Nightingale, Neil Howlett patrician enough as the Single had waned). Here, and the prevented to t "transitional" Bartok—on the contrary, they represent (along with Duke Bluebeard's Castle) his own newly-discovered harmonic voice, complete with the accents of the mature composer. Without striking that along the margins. The piece confident vein, Zollman hit cried out for visual staging of moment-by-moment upon a lot of interesting nerves, always of interesting nerves, always genuine discoveries.

This account of Jeux came man that the whole piece hung together. Zollerman was tender with the earlier music, crisp with room for irony all cried out for visual staging of equal finesse. Sarah Walker's Kitchenmaid was gently fervent; as the Bonze, whose chief His account of Jeux came business is to sing "Tsing pe!" in a cavernous Russian bass, its balletic intentions, it is an Jules Bastin was wasted.

Opera North's autumn season

Opera North is opening its authum season in Leeds on September 27 with The Copture of Troy, the first half of Berlioz's opera The Trojans, in a three-terminal with the Walsh

The other operas in the repertoire are Madom Butterway production with
National and Scottish Operas.
It will be performed in a new translation by Hugh Macdonald, directed by Tim Albery and conducted by David Lloydand conducted by David Lloydand Conducted by David Lloydand Conducted by Clive Timms. The Barber is a co-production with Vancouver Opera and the Welsh National Opera. Kuhn includes Luis Lima, Maria Chiara, Silvano Carroli and Geil Gilmore. (28 151).

Interestival) Madama Briterity conducted by Yoshinori Kikuchi with Veriano Luchetti, Juan Pons, Mietta Sighele and Monica Tagliasacchi (36161).

American soprano conducted by Russell Craig and conducted by Russell Craig and conducted by Russell Craig and conducted by Clive Timms, The Barber is a co-production with National Opera and the Welsh National Opera.

All three productions will go on tour to Nottingham, Manchester and Hull,

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COMPAGNIE FINANCIERE DE CREDIT INDUSTRIEL ET COMMERCIAL

Financial results for the first five months of 1986

The Board of Directors of CIC Compagnie Financière convened on July 16, 1986 to examine the financial results of the banks of

the Group as of May 31, 1986. Both customer and capital market operations have experienced a satisfactory level of activity, and the operating income has

significantly increased. Insofar as the 1986 consolidated financial statements are concerned, if the annual provision allocation does not significantly exceed that of 1985, the net income (excluding extraordinary items) should therefore register a significant growth and equal approximately F.F. 30 per share.

As of June 30, 1986, CIC Compagnie



Financière's income before tax and provision totals F.F. 330 million. It includes extraordinary revenues of F.F. 94 million and dividends from subsidiaries of F.F. 191 million (as compared with F.F. 116 million in 1985). Most of CIC Compagnie Financière's earnings were registered during the first half of the financial year, all the dividends to be

received having been collected.

Unless anything unforeseen occurs, the 1986 net income of CIC Compagnie Financière will amount to more than F.F. 200 million, and the net dividend on CIPs (non-voting preferred shares)

will exceed F.F. 9 per share. ■ Groupe CIC

Arts Guide

Opera and Ballet

TOKYO

An Evening of Flamenco: Star line-up of dancars from Spain as part of the Japanese fascination for this extrovert, flamboyant form, their envy of qualities sublimated here for enforced conformity. Hibiya Park Open-Air Theatre (Tue, Wed). (237 9999; 980 6060).

NEW YORK

New York City Opera (NY State Thea tre): Summer opera includes new productions of Werther, Don Quichotte, The New Moon and the world premiere of Anthony Davis's X (The Life and Times of Malcolm X). It continues with Die Fledermaus, Carmen, La Bohème, Wer-ther and The Pearl Fishers. Lincoln Center. (870 5800).

container international festival be-gins with the Paul Taylor Dance Co, premiering Schubert's Mercuric premiering Schubert's Mencuric Tidings, Corelli-Cowell-Miller's Coven Kingdom and Bach's A Mu-sical Offering, all choreographed by Pani Taylor (Mon); Ballet Nacional de Espana, Classic Section (Tue, Wed). Plaza Porticada 10.30.

Festival Ballet in Giselle at the Royal Festival Hall. (228 3191). Boyal Opera House, Covent Garden: Bolshoi Ballet, Moscow, alternates

and on Thursday brings in the Golden Age, a political adventure which has to be seen for Irek Mukhamedov, Natalya Bessmertnova and Gediminas Taranda in the leading

July 25-31

roles. (240 1066). WEST GERMANY

funich: The annual Munich opera fastival runs to July 31 at the Bayer-ische Staatsoper. The last week starts with Euryanthe, in a concert version, with Martina Arroyo, Rob-ert Schunk and Theo Adam; and ert Schunk and Theo Adam; and continues with Der Rosenkavaller (Lucia Popp, Brigitie Pessbaender, Helen Donath and Kurt Moll); Otto Schenk's production of Les Contes d'Hoffmann (Trudellese Schmidt, Neil Shicoff); and Die Meistersinger von Nürnberg (Lucia Popp, Bernd Welkl, Kurt Moll and Hermann Prey).

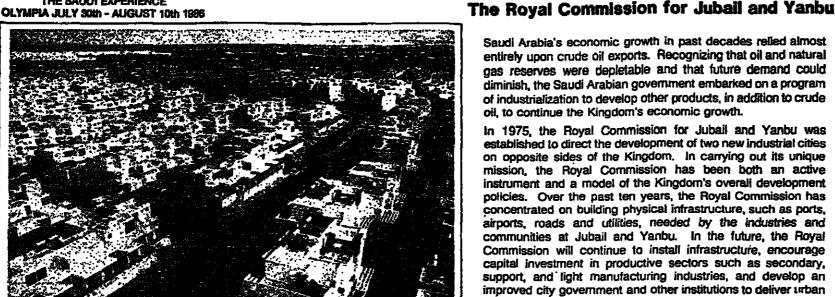
Verena: Arena di Verena: La Fanciulla del West conducted by Maurizio Arena and directed by Ezio Zefferi, with Sofia Lerson, Silvano Carroli with Sofia Lerson, Silvano Carron and Vladimir Popov. Alda – for the fifth year running a revival of the 1913 edition of the opera – conducted by Daniel Oren. Natalia Troitskaya in the title tole, with Fiscenza Cossotio as Ammeris and Franco Bonisolli as Hadames. Un Ballo in Maschera conducted by Gustav Kuhn includes Lais Lima, Maria Chiara Silvano Carroli and Geil Gil.



Kingdom of Saudi Arabia builds two new industrial cities



RIYADH YESTERDAY AND TODAY EXHIBITION THE SAUDI EXPERIENCE OLYMPIA JULY 30th - AUGUST 10th 1996



int community housing in the Radwa neighborhood in Madinat Yanbu Al-Sinaiyah.

Saudi Arabia's economic growth in past decades relied almost entirely upon crude oil exports. Recognizing that oil and natural gas reserves were depletable and that future demand could diminish, the Saudi Arabian government embarked on a program of industrialization to develop other products, in addition to crude oil, to continue the Kingdom's economic growth.

In 1975, the Royal Commission for Jubail and Yanbu was established to direct the development of two new industrial cities on opposite sides of the Kingdom. In carrying out its unique mission, the Royal Commission has been both an active instrument and a model of the Kingdom's overall development policies. Over the past ten years, the Royal Commission has concentrated on building physical infrastructure, such as ports, airports, roads and utilities, needed by the industries and communities at Jubail and Yanbu. In the future, the Royal Commission will continue to install infrastructure, encourage capital investment in productive sectors such as secondary, support, and light manufacturing industries, and develop an improved city government and other institutions to deliver urban services and manage local growth.



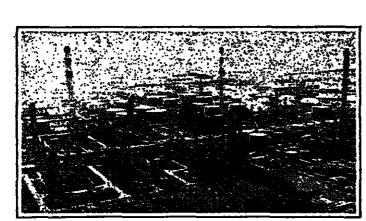
Numerous recreational facilities and a major five-star hotel have been developed along the coastline of Madinat At-Jubail At-Sinaivah.

Madinat Yanbu Al-Sinaiyah

Madinat Yanbu Al-Sinaiyah, Saudi Arabia's newest industrial city, is located on the Red Sea coastline 350 kilometers northwest of Jeddah and forms the western terminus of the crucial cross-Kingdom crude oil and natural gas liquid pipelines. Rising dramatically and majestically from the desert, the industrial city manifests the Kingdom's well-planned and progressive strategy for utilizing its hydrocarbon and mineral wealth by means of energy-intensive industrial development.



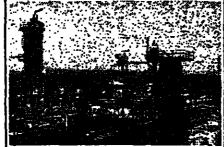
A wide variety of trees and shrubs abound throughout the community



The city is emerging as one of the world's most impressive industrial centers. The Petromin-Mobil export refinery is one of the five primary industries now operating in Madinat Yanbu Al-Sinaiyah

3

The domestic refinery.



Opportunities for industrial developers and the private sector abound in both Jubail and Yanbu:

Business Opportunities

Primary Industries — Utilizing its rich endowment of hydrocarbon and mineral resources, the Kingdom's ambitious industrialization program features world-scale primary industries, both capital and energy-intensive, manufacturing products to meet growing world demands.

Secondary Industries — The future of private-sector industrial development belongs to the downstream manufacturers who, from feedstocks and resources available in both regions, will produce a broad range of added-value products such as petrochemical intermediates, plastics, steel, copper, and aluminum products, and agrochemicals.

Support and Light Manufacturing Industries — From the early days at Jubail and Yanbu, private businessmen have recognized the wide array of opportunities to manufacture essential products and provide services for the ever-expanding needs of both industrial cities, as well as other growth areas of the Kingdom.

Numerous other opportunities are also available in commercial and residential developments which are all necessary parts in the continuing growth of the two cities.

Community

Jubail and Yanbu are modern self-sufficient cities, blending traditional Saudi values with international living standards. Comprehensive community development plans determine utility, transportation and other infrastructure requirements and allocate land for both public and private uses. Each neighborhood has its own mosques, hospital, schools for Arabic and non-Arabic speaking pupils, sports and cultural facilities, and shopping areas.

Built on a large peninsula and adjoining coastal land, the 90square-kilometer community area of Jubail enjoys 45 kilometers of continuous coastline. Madinat Yanbu Al-Sinaiyah occupies a 180-square-kilometer site that stretches 25 kilometers along the shore of the Red Sea. Its community area, located northwest of the industrial zone, focuses on a semicircular bay. Designed to accommodate a combined population of over 400,000 by the year 2000, the cities are modern communities providing their residents with a full range of facilities and services.

Industry

Jubail and Yanbu industrial cities are key elements of the Kingdom's industrialization program. While Yanbu is located close to the Suez Canal and European markets, the site for the Jubail development was chosen because it lies at the heart of the Kingdom's petroleum deposits and is close to deep navigable Gulf waters. Parallel pipelines carry crude oil and natural gas liquids from the oil fields of the Eastern Province to Yanbu, creating a regionally diversified industrial base and offering the Kingdom a strategic alternative to Gulf sea lanes.

Although construction of Jubail and Yanbu started only nine years ago, major refinery products are now being created for domestic and world markets. These include diesel and lube oils, as well as gasoline and naphtha; petrochemicals, such as ethylene, ethylene oxide/glycol, styrene, high-density polyethylene, and linear low-density polyethylene; and methanol. urea, and prilled sulphur. Steel is also being supplied to various parts of the Kingdom. Eleven primary industries out of the 20 planned are currently operating in Jubail and five are operating in

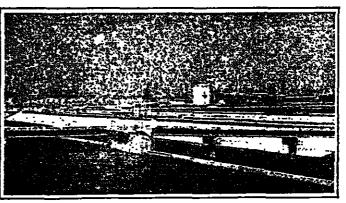


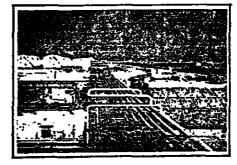


Madinat Al-Jubail Al-Sinaiyah

Madinat Al-Jubail Al-Sinaiyah, the largest construction project in the world, which was once barren salt flats and sand dunes, has developed into a splendid new city on the coast of the Arabian Gulf. This huge 942-square-kilometer industrial and urban complex is being built to state-of-the art international standards, reflecting the determination of the Saudi Arabian government to provide a solid economic base for its people. in a vigorous, wholesome environment.







The seawater canal in the foreground delivers seawater to cool the industries and returns the used water to the Gulf. The Arabian Petrochemical Co. plant in the background produces

A pipeline corridor delivers refined products from the primary industries to the industrial port in the background.

Telex 832011 JABE SJ

Incentives

Besides their proximity to the growing markets of Asia, Africa, the Middle East, and Europe, Jubail and Yanbu also offer other advantages, including:

- · Fully serviced industrial sites with a complete range of industrial infrastructure
- Long-term land leases at economical rental rates · Convenient access to domestic and world markets by air, sea, and land
- Plentiful and reliable fuel and feedstock supplies
- A trained workforce with tailored training programs available A modern urban and business environment

Telex: 462303 RCYB SJ

The Royal Commission, pledged to actively assist private investments in Jubail and Yanbu, encourages both Saudi and international investors to visit or write for complete information in support of investment planning.

For further information about the Jubali and Yanbu projects, please address your inquiries to: Royal Commission for Jubail & Yanbu Royal Commission for Jubail & Yanbu Royal Commission for Jubail & Yanbu Directorate General for Jubal Project Directorate General for Yanbu Project Secretariet General P.O. Box 10001 P.O. Box 30031 P.O. Box 5984 Madinat Yanbu Al-Sinaiyah Madinel Al-Jubali Al-Sinaiyah 31961 Riyadh 11432 Kingdom of Saudi Arabia Kingdom of Saudi Arabia Kingdom of Saudi Arabia Telephone: (04) 321-6000 Telephone: (01) 479-4445 Telephone: (03) 341-3000

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FINANCIAL TIMES

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Tuesday July 29 1986

Reviving the peace process

THE VISIT to Morocco last week by Mr Shimon Peres, Israel's Prime Minister, has con-firmed what has slowly been becoming evident—that several of the more pragmatic, moderate Arab leaders are now willing to contemplate direct negotiations with the leaders of a state whose existence they for so long refused to accept. It is an im-portant development, but one which carries as many dangers as it does opportunities.

as it does opportunities.

King Hassan of Morocco is a skilled politician and his reasons for inviting Mr Peres for talks were not exclusively aimed at resurrecting the search for a solution to the Palestinian Issue. But he was fully aware that the invitation would be seen primarily in that both the rough of marily in that light by much of the international community. Equally he could fairly estimate that it would draw a hostile reaction from more radical members of the Arab com-munity while perhaps streng-thening the image of Mr Peres who, under Israel's coalition agreement, is due to hand over the premiership to the much less flexible Yitzak Shamir in

The message for the Israeli electorate and for Mr George Bush, the US Vice President. who is in the Middle East this week, is that there might be a glimmer of hope with Mr Peres. but virtually none with Mr Shamir. It is a judgment shared by those Arab countries which can still contemplate a negotiated peace settlement.

Basic demands

The extent to which that message is received and acted upon is likely to influence upon is likely to innuence strongly the political temperature of the region in the coming 12 months. According to the Israelis, King Hassan agreed to further contacts. According to King Hassan his talks with Mr Perse failed because the Israeli

relations with Morocco and King Hassan's response by resigning the chairmanship of the Arab League (and thus the responsibility for attempting to organise a summit meeting) make it even less likely that any sort of Arab

consensus can be reached on the Palestinian question. In turn, this raises the possibility that the majority of Arab states can at last break free from the effective veto imposed on them by the hardline nations which resident with Jersel. reject any contact with Israel-

This strategy has long been advocated by King Hussein of advocated by King Hussein of Jordan who more than any other living Arab leader has demonstrated a commitment to a negotiated peace. It could also provide the opportunity for Egypt to resume its rightful place at the centre of Arab affairs, while forcing Mr Yassir Arafat, the PLO leader, into a more emphatic choice than he has so far had to face. has so far had to face.

However, the risks of walking down this particular path are all too obvious. Individual Arab leaders can be vulnerable to the extremist fringe which murdered President Sadat of Egypt and was quick to threaten the life of King Hassan. Although no leader can be guaranteed full protection, the best versouse till protection the best versouse till protection, the best response to extremism is the enthusiasm of public support which could stem from the belief that a Middle East peace settlement is still

However, the risks of walking

Occupied territories

The nation which can make the biggest contribution to fostering that perception is, of course, Israel. If Mr Peres really believes his assessment that "we stand before an excitthat "we stand before an exciting new chapter in the Middle
East peace process," it must
suggest that he is willing to
withdraw from the occupied
territories in return for peace,
the most fundamental Arab
demand and the basis of all UN
Security Council resolutions.

With Mr Shamir, who voted against the peace treaty with Egypt, waiting in the wings, there is every reason for moderate Arabs to be sceptical King Hassan his talks with Mr Egypt, waiting in the wings, Peres failed because the Israeli there is every reason for premier would not concede basic Arab demands. There is nothing surprising or contradictory about either statement, but they do serve to underline how they do serve to underline how yet provide the additional finely balanced the Arab-Israel issue is between further conflict states to believe that the risks; and the blot if not of a break involved in negotiations were. and the hint, if not of a breakthrough, at least of further
discussions.

Syria's decision to break direction it will have been at
relations with Morocco and King on table achievement. If not, of extremist propagandists who argue that Israel has no inten-tion of relinquishing the territories it seized nearly 20 years

New medicine for the NHS

THE National Health Service studying the ills afflicting the is a mere 38 years old this public and private sectors. The month - much too young for Adam Smith Institute, for exany gloomy prognosis of terminal illness to be lightly the US solution of health mainaccepted despite the fact that
it has been ailing now for years. applied in Britain. HMOs in-Closer examination of the patient suggests that, far from being close to expiry, the NHS
them an incentive to cure and
is exhausted from the burden discharge patients as speedily
it bears as the result of its
achievements. It needs all the
vise more and more expensive help it can get — including a treatment procedures.
large dose of self-help-

Britain was the first country to offer universal medical care free at the point of delivery to the entire population. Aneurin Bevan, the minister who introduced the service, summed up its aims: "Medical treatment and care should be made avail-able to rich and poor alike in accordance with medical need and by no other criteria."

Bold ambition

This bold ambition has been This boin ambition has been fulfilled by a service which remains in many ways a model of its kind. But the world has moved on since 1948. Both the aspirations of a modern industrialised society and the rapid and expensive developments in the behalogy directs that a health technology dictate that a wider "mixed economy" pers-pective might now be taken of health care than was the case in the immediate post-war

This is already happening in a limited way with the growth of private hospitals and private health insurance. But there are dangers ahead for the private sector in the way things are going. The development of private with the private that the sector in the way things are going. and hospitals in Britain closely and hospitals in Britain closely mirrors US developments with a five to 10 year time lag—long enough for lessons to be learned. Much of the glitter vanished from high-performance US health care equities in recent years as spiralling insurgence and medical costs provoked. fierce consumer resistance. A similar process has started in Britain. Both individuals and companies are jibbing at the vast increases in insurance costs. Some hospitals are pric-ing themselves into a bracket acceptable virtually only to wealthy foreigners.

economic institutes have been new energies.

volve doctors and hospitals in the insurance process by giving

Patients subscribing, usually through an employer, to an HMO restrict themselves to doc-

tors and hospitals in that plan.
They never receive a bill and
the HMO contracts to provide
all the medical care they need. all the medical care they need.
putting pressure on all involved in health delivery to be as efficient as possible. If costs in one HMO rise too quickly the individual and employer can switch to another. It works. Just over 8m people were covered by 215 HMOs in the US in 1979; now the figure is 19m in 398 HMOs. The transfer of the idea to the British market would widen the appeal of private health care and make it cheaper, thus relieving some of the pressure on an NHS which is unlikely ever to receive the level of government investment needed both to be a universal provider and to keep up with modern medical technology.

Sharp management

A more radical development of HMOs might be to apply the principle within the NHS itself as a mechanism for inducing competition and for breaking down bureaucracy. GPs could contract with each other and certain hospitals and specialists, receiving a premium from the Government for each patient attracted to the scheme. In return this "public" HMO would deliver all necessary treatments; the emphasis would be on sharp management and not hospitalismanagement and not hospitalisance and medical costs provoked
fierce consumer resistance. A
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vast increases in insurance
costs. Some hospitals are pricing themselves into a bracket
acceptable virtually only to
wealthy foreigners.

Several of the free market
Several of the free market

Several of the free market

sevenomic institutes have been

management and not hospitalising patients unnecessarily.

The introduction of HMOS in
both private and public sectors
coupled with an imaginative
companies. Also he
has "one or two other irons
in the fire "which may now
develop given his intention to
leave Parliament.

Jenkin's departure leaves
seven other former members
of Mrs Thatcher's cabinet who
are still planning to stay in
the Commons. Some like Cecil
Parkinson and Leon Brittan,
have hopes of returning to the

RACKING BACK over the history of American steel

manufacturing is like charting the fall of a well-heeled aristocrat from the bereditary mansion to the poor house.

The industry that was put together by the great steel barons of the 19th century, which gave the world its first \$1bn corporation at US Steel 85 years ago, and whose power and influence once cast a shadow deep into the White House, is now a spent force, as outmoded as the abandoned blast furnaces that litter the Pennsylvania country-side.

This month's bankruptcy peti-tion by LTV, the second largest US producer, was both a vivid and an inevitable marker of this decline. For months executives had been expecting one of the top companies to give way to the mounting pressures that have left the industry's collec-tive corporate balance sheet in tatters. Yet the announcement was greeted with almost shocked disbelief by the American public—a measure of the man-inthe-street's perception of the steel industry as an all-powerful monster with virtually limitless recourses. resources.

resources.
In their heyday, US steel manufacturers did things in a style that has rarely been equalled in American corporate history. Stories of the industry's arrogance and self-indularies are legion. indulgence are legion.
Bethlehem Steel's top brass, for example, is said to have developed such a passion for golf at one time that when the company came to lay down the last large-scale integrated works

In their heyday, US steel manufacturers did things in style... Today, much of the clout and all the glamour have gone

to be built in the US-Burns Harbor plant on Lake Michigan in 1962—it put in the golf course first.

For many Americans, particularly Democratic Presiparticularly Democratic Presi-

dents, who have had some famous tussles with the industry over the years, steel has been a long-standing symbol of overa long-standing symbol of over-whelming corporate power. This attitude partly derives from the perception of the industry as an oligopoly led by US Steel (just renamed USX), and partly from the sheer size of US Steel itself, a bureaucratic giant which used to be fabled giant which used to be fabled for its aggressive instincts and desire to control everything it

Very early in its existence, the company was attacked (unsuccessfully) by the Justice Department under the anti-trust laws, and since then steel manufac-turers have been the object of more suits than any other US industrial sector. "It was almost as though you won your spurs in the Department by attacking steel," says Mr Paul Tiffany, assistant professor of manage-ment at the Philadelphia-based

US STEEL PRODUCERS

An industry at the breaking point

By Terry Dodsworth in New York

disappeared. Next year, the American Iron and Steel Insti-tute (AISI), the first big indus-trial lobbying organisation of its kind, which is once said to have run the biggest corporate PR
budget in business, will save
money by abandoning its annual
conference at the Waldorf
Astoria hotel in New York for
cheaper quarters in Washing-

ton.

"In the mid-1950s, landing a job at US Steel was like getting employed by IBM today—it attracted the crème de la crème," says Prof Tiffany.
"Today, if you accepted a job in a steel company, you wouldn't want anyone to know."
The roots of the change in the The roots of the change in the fortunes of the industry go back at least a quarter of a century, although few people saw it at the time. During the 1960s, the big US integrated manufac-turers suffered setbacks across a broad front on issues that were to chip away at their com-petitiveness and come back to haunt them in later years. Perhaps the most crucial of these was a radical alteration in the balance of supply and demand.
On the supply side, many integrated plants began to come on stream in Japan and Europe producing good quality, cheap steel for export. By 1985, imports had captured around 25 per cent of the US market.

At the same time, the post-war expansion of US steel demand began to tail off, leav-ing the US companies with a market of only anaemic underlying growth. According to the US Department of Commerce, the ratio of steel consumption to real gross national product has declined more than 3 per cent annually since 1965, in part because of substitution of other because of substitution of other products for steel, but more importantly because of the rela-tively slow growth of leading

steel-consuming industries.
Some of the key clients have cut their use drastically. At its peak, the US motor industry used to take between 22m and 23m tons of steel a year. It now have about 125m tons while huys about 12.5m tons, while the container industry has cut its intake from 7.5m tons of the mill products to 4m as aluminium has wen the beverage can market.

To make matters worse, Japan and other overseas competitors were able to take a techno-logical lead in the 1960s because their buoyant domestic markets demanded spending on new capacity, pushing them into a virtuous circle of self-supporting reinvestment just at the time when it became more and

income Debt/

front of technology," says Mr Louis Schorsch, senior research in Pittsburgh.

The industry's financial ability to invest in competitive nology was undermined by several other factors—a flurry of price controls, regulations

government price restraints. On the labour front, the news was no better. A new no-strike was no better. A new no-strike clause was signed with the United Steelworkers Union, but the quid pro quo was an automatic cost-of-living increase clause which began to bite just at the time that inflation was taking off in the US. By the end of the 1970s, steel workers were covering 50 per

The four ensuing years of agony, characterised by over-supply of steel and heavily discounted prices, have already brought vast changes to the shape of steelmaking. Mini-mills, using only scrap steel in generally small, non-union plants, have seized their chance and captured more than 20 per cent of the market, embracing virtually all of the country's rod and wire business. Integrated manufacturers have slashed raw steelmaking capacity from well over 150m tons in the mid-1970s to around 135m tons. They have cut payrolls, reducing employment from almost 400,000 in 1981 to 200,000 today, and trimmed the generous wage contracts that used to set the industry apart from other manufacturers.

from other manufacturers.
Yet this period of retrenchment has in many ways put the industry in a more precariously exposed position than when it started. The cash haemorrhage has left the steel manufacturers living on a hand-to-mouth, day-to-day basis. Over the past four years, about \$7bn has flowed out of the industry in losses, wrecking balance sheets built up during decades of prosperity.

of prosperity. US Steel and Bethlehem have each taken single \$1hn writeoffs, to say nothing of several
other charges. By the end of
last year, the deadly combination of enforced berrowing and equity reductions had left the US steel producers in a dangerously indebted position, with borrowings standing at more than 100 per cent of shareholders' funds.

The question now posed is whether other manufacturers whether other manufacturers will be forced to go down the same road as LTV. None has as yet boxed itself into quite the same corner as the Dallas steelmaker, but several are not far away, and they face the same crucial dilemma—that reorganisation costs money. They need to close down more high-cost plants to reduce their losses, yet their balance sheets cannot afford additional write-downs—it costs in the order of \$100m it costs in the order of \$100m to \$400m to shut a large integrated steel business which no one wants. "The exit cost is horrendous," says one executive

The solutions the industry has tried to this Catch 22 situation have not worked so far. The merger approach, applauded two years ago when LTV took over Republic, has LTV took over Republic, and ended in catastrophic failure. The diversification strategy followed by several other companies has scarcely yielded Wharton Business School.
Today, however, much of the clout and all of the glamour in the industry have gone. The days when steel paid better than anything else — Bethlehem was once lambasted in the business for a perks system that placed 11 of its executives among the 15 highest-paid US managers — have long since have to remain at the fore
which forced management to put money into anti-pollution devices rather than new plant, the management to put money into anti-pollution devices rather than new plant, the end of the 1970s, steel workers were earning 50 per cent more than the average US insurance, and US Steel's decision to turn itself into user than the average US insurance, and US Steel's decision to turn itself insurance, and US of underlying decline that the of underlying decline that the dug ft deep into a sector in industry plunged into the 1982 recession. By and large, the industry plunged into the 1982 recession. By and large, the industry plunged into the 1982 recession and was thrown into a title form. The control than US insurance, and US Steel's decision to turn itself insurance, and US of underlying decline that the dug ft deep into a sector in industry plunged into the 1982 recession. By and large, the industry plunged into the 1982 recession and was thrown into a talking the now extricated in the 1970s, steel workers were earning 50 per cent more than the average US insurance, and US fteel's decision to turn itself insurance, and US s

fication game in a sufficiently bold manner to make a differbold manner to make a difference to companies of their size. Where the industry appears to be doing better is in forging alliances in the inusiness it knows best — steel itself. A number of these deals has appeared over the past few years, some between domestic producers, but more interestingly bringing in several overseas manufacturers—in coating processes, LTV is linked up with Sumitomo, National with Nippon Rokan, and Wheeling-Pittsburgh with Nisshin. USX has recently spun off its Californian plant to a joint project owned with Pohang of Rorea and supplied with Rorean semifinished products. These deals bring two scarce resources — technology and finance—to the US producers.

"The logic of this approach is to make companies more open to the global integration that

is to make companies more open to the global integration that exists in just about every other industry," says Mr Schorsch. It is a measure of the strength It is a measure of the strength of the capitalist ethic in the US that the question of Government help to try to engineer a soft landing for the industry has hardly been seriously raised as yet, although there are two obvious routes for intervention. The first would be to touched. The first would be to toughen the present bilateral import restraint policy so that it quickly attained the 18.5 per cent mar-

the share target.

The second possibility would be to help the industry towards a controlled reorganisation like the Davignon plan in Europe, or at the very least give it financial backing that would

By and large, the steel companies do not have sufficient resources to play the diversification game

make reconstruction easier.
Neither of these options, however, looks likely to be pressed very far by the present Administration. Indeed, some supporters of the Government's policy of beginn policy on the contract of the c policy of benign neglect see it as a paradigm of the nasty, yet ultimately healthy, things that happen to oligopolies. They point to the mini mills and the smaller, more market-orientated companies that are emerging from the current reconstruction as evidence of an appropriate move towards more flexible, competitive organisations.

It will be interesting to see whether this mood of detached approval will withstand some of the bloodletting that may come if present conditions persist.
Some analysts fear that a wave of competitive bankruptcies is about to break over the US industry with each company try-ing to force down its costs through the courts. Virtually everyone is convinced that a further 25m tons of capacity need to be knocked out of production to establish a sound balance of supply and demand. There might, in short, be some rough riding ahead. Nothing could be many in the country of the c

New jobs for old ministers

What happens to a former cabinet minister who loses his job and sees no prospect of re-gaining high office?

A life on the back benches seems to pall, and increasingly the option of leaving politics and taking up another career seems attractive.

Patrick Jenkin has now said
he will step down at the next
general election—the sixth
former member of Mrs
Thatcher's cabinet to decide to
depart within the past few

The list of the old cabinet hands now in exile must start with James Prior (now chair-man of GEC and author of what is expected to be a lively book of memoirs to be published in

the autumn).

Then comes Sir Ketth Joseph (now pondering on politics, and starting to take up some business consultancies), Norman St. John-Stevas (developing another career in the world of the heritage and the fine arts). Sir Humphrey Atkins, and Francis Pym. Francis Pym.

In some cases retirement is a matter of age. But Jenkin, who will be 60 in September, feels that, with his chances of feels that, with his chances of returning to government remote, he still has some years left to develop a business career. A middle manager at Distillers before entering the Commons in 1964 he has already to the heart of Friends. Commons in 1964 he has already joined the board of Friends Provident, and will become chairman within two years.

He has a consultancy with Arthur Andersen, but has turned down "a number of quite lucrative offers as a parliamentary adviser." Jenkin would prefer to be involved in running companies. Also he has "one or two other irons in the fire" which may now develop given his intention to leave Parliament.

Jenkin's departure leaves seven other former members of Mrs Thatcher's cabinet who are still planning to stay in

Mrs Thatcher wants to flood the Lords to ensure solid majorities there. But can she rely upon all those ex-ministers to be loyal?

US recruit

John MacArthur has not stayed out of the hot seat for long since being promoted in Janu-ary out of Kleinwort Benson's corporate finance department to the more sedate position and director responsible for busi-ness development.

ness development.

Fifty-one-year-old MacArthur is the fourth senior figure at Kleinwort Benson to be lured away by a rival over the last year and the second to go to a US institution aiming to hreak into the City. After 26 years at Kleinwort, he has been appointed by Prodeotial Rache appointed by Prudential-Bache Securities to set up a new merchant banking operation in London.
During his five years as have hopes of returning to the deputy head of Kleinwort's

Men and Matters

cabinet if the Conservatives | corporate finance division, Macwin the next election. Others like Sir Ian Gilmour and Michael Heseltine rest their hopes on a change of regime. ful newspaper proprietors over attempts to flush out the true From a younger generation, From a younger generation, David Howell is busy writing, speakir, and acting as an economic consultant. Finally, the plans of Peter Rees and Mark Carlisle are being watched closely at Westminster since both may face tough fights to hold their seas.

fights to hold their seats. The departure of those excabinet ministers plus other leading Torles such as Geoffrey Rippon and Sir Edward du Cann marks a change of generation in the Conservative party. It also poses a problem for Mrs Thatcher since all those ex-ministers are entitled, by past precedent to expect a

by past precedent, to expect a life peerage.

The numbers are now getting so big that some of them will have to be disappointed unless

Arthur was involved on either side of two tussles with power-

attempts to flush out the true owners behind major corporate take-over bids. Both were ultimately unsuccessful.

In the first, he riled Robert Maxwell, in his bid for John Waddington, by demanding to know the beneficiaries of a Liechtenstein trust that owns Pergamon Press and Mirror Group Newspapers, both managed by Maxwell. In the second, he stonewalled in response to a barrage of questions from Lonrho's Tiny Rowland about the financing of Rowland about the financing of the Al-Fayeds' acquisition of the House of Fraser, Although his reputation is based on his corporate finance

record, he has some general management experience and was the chief architect of



"It would be a nice gesture to give Sir Geoffrey the Marathon Gold Medal"

Kleinwort's acquisition of stock-brokers Grieveson Grant in preparation for Big Bang.

Murphy-style

A prolonged soak in the British washing machine business has taught Paul Murphy, managing director of Candy, a thing or two about kitchens. His regular visits to group headquarters near Milan have also helped him cultivate quite a sense of style — as demonstrated by his taste for Giorgio Armani's tailoring.

Preparing to leave after 12 years building sales of Candy and Kelvingaries of Candy and Kelvingaries for his Italian masters, Murphy intends to don his designer "wellies" and apply the fruits of his educa-

masters, murphy intends to don
his designer "wellies" and
apply the fruits of his education in the housing trade.
His new private company
will provide a service to allow
more of the 4,000-odd housebuilders in Britain to share in
the boom for new dwellings
which come to market full which come to market fully fitted, furnished, and ready for occupation.
Only a few of the bigger

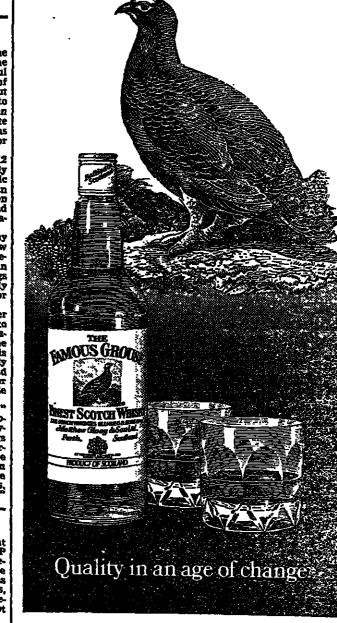
Only a few of the bigger builders are currently able to offer such design and installation services. Murphy says he has been encouraged by his experience supplying Candy appliances to builders, and their mounting demands for products and services outside the company's range.

"I'm an expert on toilets," he claims. His hunt for suppliers of appliances, sanitaryware, furnishings and fittings has taken him to many overseas suppliers. "It's the same old story, I'm afraid. In Britain we don't seem to be able to beat the designs, styles, and prices you can get abroad."

Judgment seat

When the present Parliament was elected, I asked a new MP for his impressions. "Amazement at how I ever got here," he replied. Meeting him again as the Commons went into recess, I repeated the question. "Amazement at how the others got here," he said.

Observer



Letters to the Editor

Salaries in the City

From Mr G. Lapsley

Sir,-Clive Wolman (Lombard, July 14) takes the view that company directors and pension fund trustees pay City institutions too much for too little, thus permitting them to overpay their staff. This state of affairs, he argues, could be dealt with if the "clients" demanded better value for

As a general point of view, demanding value for money in any field is a weapon which is only effective to the extent that the market is free. The City specialise in sectors or geographical regions and it would markets in the UK. Any finance director or pension fund trustee will find no shortage of competing institutions ready to make a sales pitch for their jusiness important effect of Big Bang will find no shortage of compet-ing institutions ready to make a sales pitch for their business if they feel any reasons for dis-

satisfaction.
While considerable amounts of money are being paid in the City to traders, market makers city to traders, market makers and dealers (much of it as performance related or deferred bonuses) it is wrong for Cline Wolman to associate six figure salaries or Porsche-type comments with pension fund managers. While their salaries are high in UK terms they are not abnormal in City terms. It is also incorrect to infer that profitable. Pension fund management is very competitored through comparative per-

formance statistics.

With regard to pension fund managers' apparently poor performance compared with the Financial .Times All Share

Here they wan only stateen by being well positioned on the starting line for Big Bang.

G. N. Lapsley.

MCP Management Consultants, Financial .Times All Share

Index, pension fund trustees From Professor V. Korah generally seek conservative investments, avoid speculative opportunities and to a greater or lesser extent, limit managers' discretion. This may not explain or excuse poor performance but it is an important factor in the level of performance carrelly achieved.

ance actually achieved.

Credit, however, where credit money rather than that market is due. Clive Wolman has unforces be relied upon to bring derstood the function of about profit and salary reductions and described their role succinctly. They do aim to induce fund managers to accept important effect of Big Bang which Clive Wolman did fail to comment on is the probable reduction in income to fund managers from commission differentials. He should have advised finance directors and

this, and not the analysts' recommendations, may cause "shifting around" in port-Why then are some City salaries so high? Because some institutions, with notable excepis also incorrect to infer that institutions, with notable excep-pension fund business is tions, are competing for key generally overpriced and highly staff whose remuneration expectations and comparability considerations are international. Also those same institutions be-lieve they will only succeed by

pension fund trustees to watch this area very closely because

Design of pension schemes

From Mr I. Walker Sir.—Pensions advisors and butions and directly allocated actuaries must accept some of company contributions paid the blame for the present state either into personal pension of pensions and pensions legisplans or on a strict money purlation, but my letter (July 16) chase besis into a "company" was not meant to absolve the scheme; and the state earnings government and employers en-tirely. The design of some pen-sion schemes has not proved satisfactory, and this is especi-ally so in respect of employees to opt out of it.

A first step would he to make the state earnings related pension phased out by encouraging new generations of employees to opt out of it. sion schemes has not proved satisfactory, and this is especially so in respect of employees the overall Inland Revenue limit who leave the service of their of two-thirds final salary pension. who leave the service of their of two-thirds inal salary pension employer before retirement. limit and remove the special Employers have not given these limits on short service and employees priority as Dennis leaving service benefits. This Blair pointed out (July 22) and would avoid any possibility of there is little to indicate that employees feeling that if they the professionals within the pensions industry have done much they may not get a benefit from the property of the combination of the combination of sions industry have done much they may not get a beneat not to persuade them otherwise. A it because the combination of belated apology from the their plan and that of the comNational Association of Pension pany could theoretically exceed funds, that it was wrong to these arbitrary maxima. Em-

legislation has led to many di

The Government's role should in deciding on its payment to its be to set the scene for invest-ment in pensions and encourage
Those who criticise the idea ment in pensions and encourage

For example, employee contributions could be kept entirely separate from those of the employer in separate arrangements unless the employer contribution is directly allocated to the individual and can thus be seen to be effectively deferred pay.

Were this to be the case, it would be possible to have: noncontributory employer sponsored schemes that could include long vesting periods even to the extent, as was the case in the past, of not providing any pension benefit until death or retirement, whichever

is the earlier; employee contri-

runds, that it was wrong to oppose any revaluation of deferred benefits is little consolation to the employee who has changed jobs.

Unfortunately the amount of this type of pension fund to be returned to the employer. These culties and more importantly, funds could then only be used has stifled the development of for the payment of pensions, alternatives to the present The company would, however,

ment in pensions and encourage employees and employers to make provision for their retirement. This should not mean that they remove entirely the employers' rights to discriminate between employees who remain with them until retirement, and those who leave earlier.

The Covernment should the more who criticise the idea of money purchase pensions and cits the failure of previous schemes to produce adequate pensions by this method are ignoring the advances in computer technology and the growth of the unit trust industry. If an employee pays adequate contributions through-Government should out his working lifetime to proseparate out the employee and vide a pension at retirement, employer interests in pensions, there is no reason why he For example, employee contrishould not receive an adequate

Airports in demand

· 1996年 1996年 1997年 1998年 12日 - 1998年 1

Sir.-From time to time you report problems about the Aviation Authority to encourage charter airlines and others to use other airports.

In the United States the Antitrust Department advo- University College Londo cates the use of a market Bentham House, mechanism to allocate the slots Endsleigh Gardens WC1

at Rennedy Airport Can demand not be brought down to supply in this country report problems about the through the charges made at number of planes that want the different airports around to use Heathrow and Gatwick London? Why are the differentials insufficient to discourage over use of the two main airports?

(Professor) Valetine Korah. Faculty of Laws, University College London,

Views of Latin America

Sir,-Your editorial (July 22) is a pristine example of British "right-left" as Orwell described it, of ignorance about the real situation in Latin America, a perfect example of the tendency of British observers to fall into familiar patterns of primitive and Variation and Control of the control o into familiar patterns of primitive anti-Yanqui prejudice so common to the Anglo-Latin communities all over the continent. Granted that Washington has a muddled policy toward the Marxist-Leninist regime in Nicaragua, you have failed on several Doints

The Sandinistas would never have come to power without US support. It was the arms embargo against Somoza—includ-ing the cutoff of Israeli weapons due to American pressure—that brought him down to 2 force less than a quarter of the present Contra guerrillas. That was, however late, a recognition by the US of the need to move toward a liberal regime in

and a renegotiation of its ex-ternal debt.

The Sandinistas did not commit "ail too human errors" etc as your editorialist writes. They set out, immediately, by throwing off their mask of pluralism
to sign their first international
agreement on coming to power
as a party-to-party agreement
New York, NY10018.

with the Communist Party of the USSR, Political and econo mic suppression began immediately as well as political murder; does your editorialist even know about the case of the ambush of the leader of the cafeteros, an anti-Somoza leader?

There is nothing quaint about the Sandinist and US perceptions of one another: The San-dinistas are building strategic dinistas are building strategic air bases for the Soviets with the help of East German, Cuban, Vietnamese, North Korean, etc., technicians in the traditional and well-known Soviet satellite fashion. The US, as a great power and a democratic society, finds it difficult to simply take up outsand. cult to simply take up out-and-out war to destroy a regime which is simply one more European (Russian) attempt to extend imperialist designs to this hemisphere (pace Monroe Doctrine).

America's allies are uncom fortable, as you put it, because they do not want to face facts regime initially. It supported it etc, etc. It is another case of with more than \$500m in loans and a renegotiation of its etc, etc. It is another case of European rationalisation, bol-stered by the trendy media left-wing concepts that, alas! even invade a paper as well edited and as important as The Financial Times. So we are back to Orwell's "right-left" and my

Disenfranchised and debarred

From Mr A. Denham

Sir.-With reference to the Sir,—With reference to the correspondence on expatriate voters, we who have been resident in another EEC state for more than five years not only cannot qualify for the vote in GB and do not qualify in our country of residence but are also most unjustly excluded from voting in elections for the European Parliament. European Parliament.

Both states (Great Britain and Federal Germany) are, however, I believe parties to the International Covenant on Civil and Political Rights. Article 25 of that covenant prescribes that "every citizen shall have the right and oppor-This right is denied to many 8000 Münich 8. British citizens resident on the West Germany.

the covenant that becomes a party to the present protocol recognises the competence of the (Human Rights) Committee to receive and consider communications from individuals . . . who claim to be victims of a violation by that state party of any of the rights set forth in the covenant." Great Britain, it seems, has not Great Britain, it seems, has not adopted the protocol (though many democratic states have). Hence not only are we denied the vote, we are also effectively debarred from submitting our 8000 Milnich 81,

Continent of Europe and elsewhere. Moreover, according to a protocol to the covenant, it is provided that "a state party to

the covenant that becomes a

Sponsors for literature

From the Director,
Nutional Book League
Sir,—In his article on arts sponsorship (July 19) Antony
Thorneroft writes: "The Booker Prize may be the classic example." It has indeed won world-wide publicity, as we who administer it know. But despite its success few companies have heen tempted to sponsor litera
ture rather than music, opera, drama or painting. Yet the sums involved are minute compared to those for the other arts and the publicity spin-off, as we have shown in the Booker or Smarties prizes (Rowntree-able. Why are major sponsoring companies so shy of literature?

Martyn Goff.

45 East Hill, SW18

A drawing disliked

From Mrs M. Graham the Financial Times for many

From Mrs M. Graham drawing of her. We are ex-Six.—I have been a reader of tremely lucky to have a Royal Family instead of a dictator years and always enjoy the Queen does a very difficult job articles, including those of Mal-colm Rutherford. On July 19 (Ms) Maureen Graham, he wrote a very interesting 2 Castlegate Mews, article on the Queen but it was Castlegate, spoilt for me by the appalling Prestbury, Cheshire

A high degree of autonomy and Hong Kong's future

Sir,—With reference to two articles appearing in your survey on Hong Kong published (June 26) entitled respectively and "Bumpy road ahead under Peking's watchful eye," I feel that I must set the record straight.

straight.

I have always maintained and still maintain that Mr Deng Xiaoping's solution for the Hong Kong problem result. Xiaoping's solution for the Hong Kong problem, namely, "one country two systems," has no chance of success unless the future government in the Hong Kong special administration region is so structured that those in power can actually exercise that high degree of autonomy promised to the people of Hong Kong in the joint declaration made between the Chinese and British Governthe Chinese and British Governments. For the only way to keep the two opposing systems of socialism and capitalism apart is to reduce to a mini-mum the likely attempts from the People's Republic of China the People's Republic of China to intervene in the internal administration of the Hong Kong SAR. And only a truly representative government which has the mandate from and therefore the backing of the people of Hong Kong can achieve this result.

15 by its very nature extremely limited. The 1885 election was nevertheless a great improvement on the long established appointment system, but clearly representative produce a truly representative or democratic government.

To this end it is incumbent of the people of Hong Kong can achieve this result.

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in the form of one man one vote. The first was by "electoral colleges" which is an indirect way of election whereby members of local district boards. (similar to your local councils) elect one of their own members to sit in the legislative council. The second was by specified groups called "functional constituences" consisting of, for example, bankers, businessmen, lawyers, doctors, lever said that as a final model in Hong Kong who hold the nessmen, lawyers, doctors, legislative cachers and workers, each group electing one of their own members into the legislative council. The franchise of such form of election for the such form of election of the such form of election for the such form of the such form o is by its very nature extremely "shifting (my) views" on this limited. The 1985 election was crucial question. Nor is it fair bumpy road ahead; "but have become less please do not make it any

But there can be no true to introduce direct election of my maiden speech delivered in representative government one man one vote" in our the legislative council on next election to our legislature in 1988. But as we are going made exactly the same points.

naking this demand. I have or democratic government in not pressed for anything more than 25 per cent of directly elected seats for 1988. Nor have that there are still many people that there are still many people that there are still many people that there are still many people.

to say that I have become less please do not make vocal "in my demands for bumpier. democratisation."

It is most unfortunate that 704a Admiralty Centre, roduce a truly representative your correspondents have mistrower 1, interpreted my position. They Harcourt Road, to this end it is incumbent obviously did not hear or read Hong Rong.

representative government unless a substantial number of the members of the legislature are elected by popular vote, that is, "one man one vote."

In September 1985, Hong Kong introduced the first ever elections into the legislative council by using two methods, but neither was direct election in the form of one man one vote. The first was by "elections in the form of one man one vote. The first was by "elections in the form of one man one vote. The first was by "elections in the form of one man one vote."

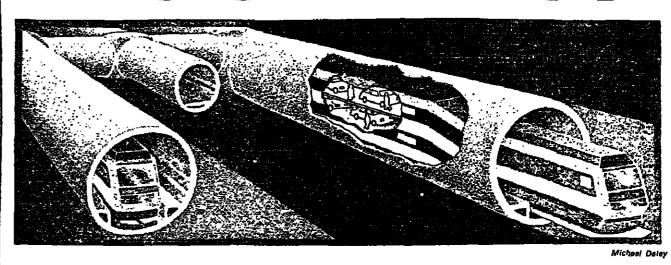
"one man one vote" in our hex legislature in 1988. But as we are going made exactly the same points. Sir, I see that a truly representative or democratic form of election and as there are still some people in Hong Kong who are opposed to its introduction, I have always advocated that as a first step towards democracy there be 25 per cent of directly elected seats in the vote. The first was by "election and as there are still some people in Hong Kong who are opposed to its introduction, I have always advocated that as a first step towards democracy there be 25 per cent of directly elected seats in the legislature to be absolutely essential to be absolutely essen raree methods of electoral who spoke in support of the colleges, functional constituencies and appointments.

I have been consistent in making this demand. I have been the consistent in the could be a representative consistent in the could be a representative.

of the British Government to champion "democracy as the territory's only true safeguard

The Channel tunnel

Bridging the image gap



THE Channel Tunnel running out of steam? The Anglo-French consortium which in January won the mandate to build a £2.4bn rail tunnel between Britain and France has recently been beset by political and financial problems.

Exciting investor interest in a scheme which will be one of the world's biggest construction projects is proving a struggle. The consortium, which goes under the name Eurotunnel, has postponed a planned £200m share issue because it has been unable to agree the terms of loan agreements with 38 international banks. Eurotunnel says the flotation, originally planned for early June, will now not take place until September or October.

But an informal poll, by the Financial Times, of 25 of the largest British investment instiof the biggest pension fund and insurance groups have already decided they will not invest in the issue, whenever it

And in the British Parliament the tunnel, having only just escaped being knocked off course by a procedural row, faces a record number of objections. The Commons select committee hearing evidence on the Channel Tunnel Bill has received some 4,845 sub-missions against it.

The consortium claims the normal irritations expected at this early stage. Opponents say they reflect fundamental flaws in a project which is ill-conceived and will be a costly failure. So who is right?

Eurotumnel plans to arrange proportion of their total funds as a means to get "their foot in the door."

Ten funds said they would equity. The aim will be to raise a full fibn in equity with a project at all. They were confrustrations are no more than

firmly on its side and, the scale of parliamentary opposition can easily be exaggerated. Dissent among Conservative MPs has been noisy but has lacked substance. Most Labour MPs are unlikely to vote down a development strongly supported by the rail unions, and which will sustain thousands of jobs during the tunnel's construction.

tunnel's construction. Lost month's overwhelming vote in favour of the Second Reading of the Channel Tunnel Bill — by 309 to 44 with Labour MPs abstaining — is

thinking.
The Bill is generally expected to become law by early next summer. This would allow treaties and formal agreements to be signed in time for work to start on the tunnel by the Eurotunnel's

Eurotunnel's supporters worry about the effects of any slippage in what is a very tight time-table. They fear the tunnel could be lost if a British general election occured before legislation was in place. Concern over the financing of the tunnel is, however, more serious. The consortium denies it has suffered a serious setback by postponing this month's share issue. Rather, it says, it has paid the penalty of being too optimistic about the length of time it would take to con-

clude banking arrangements.

Eurotunnel has, at the very major public issue of around cerned that dividends would least, the British Government £800m planned for next not be paid until 1993, at the firmly on its side and, the scale summer. summer.

Lord Pennock says the banks

have taken longer than expec-ted to agree details of the main construction agreements, known as "term sheets," which should pave the way for the signing of pave the way for the signing of a full loan agreement at the beginning of next year.

"Construction companies want contracts to be as loose as possible to give them room to manoeuvre and a get-out if things go wrong; while banks want to ensure it is not them who

want to ensure it is not them who Reading of the Chambel Tunnel want to ensure it is not them who Bill — by 309 to 44 with will foot the bill. But there is Labour MPs abstaining — is little doubt we will get there perhaps the best barometer of in the end," said one interthe current balance of political national banker. What is far from clear is how

many institutions intend to sup-port Britain's share of the placing (about £70m of the £200m) whenever it is held. The issue is whether the finan-cial returns being offered to investors justify the risks. The FT's informal poll, con-

ducted between July 23 and July 28, revealed that less than a quarter are actively prepared to consider investing in the project. The bulk of the remainder are either steadfastly opposed or are extremely sceptical about the rates of return offered by the consortium.
Only six institutions said they were prepared to invest in the autumn flotation. Of these, two were extremely cautious about the project's chances of success and said they were pre-pared to invest only a small proportion of their total funds as a means to get "their foot

earliest; they believed that the risk of things going wrong was extremely high. Nine were undecided, but said they were sceptical about the rates of

return expected. One fund manager for a nationalised industry pension fund gave a flavour to the opposition to the issue: "We have lots of experience of things going wrong during the con-struction of major projects like the Thames Barrier. On top of this we have to consider what the ferry companies might do to try to price the tunnel out of existence once it opens. The ferry companies might fail but

investors in the tunnel suffer in the process. "The risks are too great and the pay back period too long for a pension fund to consider." The findings are depressing but not disastrous for the con sortium. Eurotunnel says that of the 45 selected institutions it approached last autumn—of which letters seeking support were sent eventually to 40— around 30 have agreed in principle to support the autumn flotation and the larger share issue planned for next summer.

But while the consortium may be confident of raising the £200m it needs in the autumn, next summer's £800m international issue (around £300m from Britain) may well be more problematical. That be more problematical. That issue is planned to be a public flotation. The signs are that much needs to be done to improve the project's image if it is to be a success.

Andrew Taylor

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FINANCIAL TIMES

Tuesday July 29 1986



PRESSURE MOUNTS FOR SUBSIDIES ON EXPORTS TO SOVIET UNION

Grain sales dilemma for Reagan

meeting yesterday to discuss a con-tentious proposal to subsidise the Yesterday's discussion, which of-

ministration's so-called Export Enpressure on the Administration to hancement Programme (EEP) to do something to stimulate sagging additional customers has arouned farm exports and to help farmers, bitter controversy both within the struggling through their fifth year US Government and between the of recession, will continue to mount. US and some important Western The Senate backed an extension of agricultural exporters.

est buyer on the world grain mar-so-called "marketing loans" subsid-ket. But the plan has provoked op- ies directly to producers.

BY DAVID BROWN IN FRANKFURT

OLIVETTI yesterday received the go-ahead from the West German cartel office for its planned take-over of Volkswagen's office equipment subsidiary Triumph-Adler (T-A), which had sales of DM 1.05bn (\$500m) last year.

The deal if constitution of the market, with about 30 per cent, followed closely by Olympia. Olivetti has a further 10 per cent, as does IBM. Japanese producers Brother and Canon have made incode and analysis.

After some three months' delib- equipment, except for its US hold-

eration over what a spokesman ear-lier termed a "critical" case, the car-based Pertec Peripherals.

tel office said yesterday that the Wolkswagen said it was unclear two companies combined share of when the deal would now be final-

the domestic market would not be ised. "A whole series of points have

PRESIDENT Ronald Reagan sumposition from Mr Eorge Shultz, the moned his top economic and national security advisors to a special US allies including Australia and

sale of grain to the Soviet Union ficials described as "very lively," re-and other communist states. sulted in no decisions. But few ob-The proposal to extend the Ad- servers in Washington doubt that

the EEP last week, and the House Farm state congressmen, facing of Representrative is expected to elections in November, are putting increasing pressure on the Administration to permit subsidised sales to the Soviet Union, by far the largesion of the EEP, or the payment of

Under the EEP so far, grain "bonuses" have been paid from govern-ment stocks to subsidise exports to selected countries - mainly in North Africa and the Middle East. The aim was to win back markets which the US claimed it had lost as a result of the European Community's export subsidies.

If it extended the programme to other buyers, however, the Govern-ment would be going into direct competition with other big grain ex-The Prime ministers of Canada

and Australia have sharply criticised the plan during the past few days, and this week a delegation of Australian parliamentarians is going to Washington to lobby against

Last Friday, Mr Shultz also

Howe tries to put on brave face as peace

ground firing units to Portugal for SIR GEOFFREY HOWE, the Brit-The sale to the Nato ally is exish Foreign Secretary, who is lead-ing a European Community peace mission to South Africa, yesterday pected to become official in 30 days without opposition from Congress. The package also includes suprefused to admit failure in spite of all the indications that his propos-als for a dialogue between whites port equipment, spare parts and two Forward Area Alerting Radars to find attacking aircraft.

Prime contractor for the sale will

Sir Geoffrey, who yesterday made an unannounced 30-minute visit to the black township of Sowe-to, on the outskirts of Johannesburg, said it was much too early to say how much progress he had made, since he would be seeing President P.W. Botha of South Afri-

ca again today.

However, he did appear to resign himself to the idea that fundamen-

key steps."

He could not say when, or in what circumstances, these steps

ing.

The case he had been putting across on behalf of the EEC was the same case the Commonwealth and

"If you are going to have a serious and genuine dialogue on the fu-ture of South Africa, then the black political leaders do need to be free to take part in those discussions Sir Geoffrey said in a radio interview. The longer discussions are put off, the greater becomes the risk of violence.

Sir Geoffrey's surprise six-mile drive through Soweto, the scene of violent riots 10 years ago, was decided on by the Foreign Secretary, in spite of the obvious security risks. Sir Geoffrey, who had visited Soweto for the first time 10 years ago, felt that he could not come to South Africa without obtaining an insight into the living conditions of

to \$104m, or \$4.61 a share, from the black population, officials said. \$46m, or \$2.33 a share, while revenues jumped to \$1.28bn from \$845m. Investment banking reve-\$845m. Investment banking reverences in the six-month period rose to Buthelezi, Chief Minister of the semi-autonomous KwaZulu homeland from principal transactions jumped | and a leader of the 1.3m Zulu-dominated Inkatha movement. Chief Buthelezi, who warmly welcomed

hopes fade

and blacks in South Africa had been ignored in Pretoria.

tal changes in South Africa were not just around the corner, when he said that "at some time, some South African government is going to be persuaded by somebody to take the

The important thing, he said, was that he had been able to speak plainly and clearly in trying to emphasise the importance of the changes which his mission was urg-

the US had been advocating. Its principal components were the re-lease of Mr Nelson Mandela, the African National Congress (ANC) leader, and the lifting of the ban on the ANC and other opposition par-ties, as essential conditions for the starting of a political dialogue.

The Foreign Secretary earlier By the end of June, Morgan's capital stood at \$928m, of which \$701m Sir Geoffrey's mission, presented him with a 10-page memorandum, in which he est out his views in which he set out his views

cations Corp. Reagan nominee faces probe; Page 4 Cartel office clears Olivetti bid Morgan **Stanley** for VW's office equipment unit earnings up 59%

weighed in against the proposal, describing it as ridiculous and wrong. He said it would violate a 1982

agreement with European countries

that Western trade with the Soviet Union would not be subsidised.

● The US plans to sell 66 Chapar

ral anti-aircraft missiles and five

be Ford Aerospace and Communi-

Among the points that remain to be agreed is the price to be paid by Olivetti for VW's 98.4 per cent stake in Triumph-Adler, which has cost VW DM 1.5bn in losses since its 1979 takenver but moved closer to

share, on which the group is to pay its initial quarterly dividend of 17.5

cents. In the same period of last year, the company had earnings of

Mr S. Parker Gilbert, chairman, said the buoyant market conditions

which characterised the first three

months of the year continued into

the early part of the second quarter,

although there was a turndown lat-

The breakdown of Morgan's dif-

ferent activities showed a strong

surge in both investment banking,

where quarterly revenues rose to \$134m from \$84m, and in trading,

with revenues from principal trans-actions rising to \$142m from \$73m.

Commissions generated \$53m against \$34m last year, while total revenues rose by almost 52 per cent

In the first six months of the

year, net income more than doubled

\$249m from \$157m, while revenues

Moscow cuts forces

in Afghanistan

to \$691m from \$455m.

to \$313m from \$113m.

er in the three-month period.

\$28.6m, or \$1.44 a share.

MORGAN STANLEY, the US in-Canon have made inroads, and now profit last year. a significant share of the West German electronic typewriter market and mark a further consolidation of Europe's office automation industry. vestment bank which went public earlier this year, turned in a 59 per cent increase in earnings in the second quarter of this year, despite what it described as "less favourable" market conditions in May and June. Net income for the quarter amounted to \$45.5m, or \$1.82 a

office automation groups, with sales last year of L6,140bn. Olivetti and Triumph-Adler said they would maintain their separate identities and product programmes after the merger but envisaged components exchange and purchasunacceptably large, in view of grow-ing international competition, not least from the US and Japan. yet to be decided," the company said, adding that final negotiations would not begin until late August. ing co-operation as well as joint re-

Opec split over output quotas plan

20.3m b/d. A 15 per cent cut by der the 17.6m b/d ceiling. them would take only 1.9m b/d out This is considered to be the likely of the saturated market.

cut could presage an intention to re-nounce the strategy aimed at forc-in doubt following surplus samples ing prices down to a level which flowing on to the market. ould ensure future demand for their substantial reserves.

The conflict between the majority crats provisionally calculated in a to present insuperable obstacles to eeking to settle prices at some report submitted to Opec's Long any agreement. Under the Subroto seeking to settle prices at some report submitted to Opec's Long thing under \$20 a barrel through Term Strategy Committee (revived realistic ceilings, and the triple alli- after many years in abeyance), that ance committed to maximising a requirement for members oil will 1.675m b/d. So in none of these revenues, is a war of attrition. In rise to 19m b/d in 1987, 20.3m b/d in cases would the producers' aspiration immediate term, the problem 1988, 21.6m b/d in 1989 and 22m b/d tions be met.

b/d out of an Opec total of will be devising a market share un-

However, delegates pondered demand for Oper's crude over 1986 However, delegates pondered as a whole, though they calculated whether the offer of a 15 per cent it would be 17.9m b/d in the last in doubt following surplus supplies

For the future, Opec's techno-

For the present meeting, discussion will centre on how to divide the 17.6m b/d. Iraq's insistence on a quota equal to Iran's, Iran's threat to produce two extra barrels for every incremental Iraqi one and the United Arab Emirates demand for an allocation of not less than 1.5m b/d all seemed last night, as delegates went into private meetings, plan, Iran would get a quota of 2.4m b/d, Iraq 1.8m b/d and the UAE

Australia relaxes investment rules

Continued from Page 1

In the 1985-86 financial year, merits by the Foreign Investment Australia's current account deficit Review Board. From yesterday, reached AS14.3bn, up 34 per cent, or however, the 50 per cent local parti-

A\$3.6bn, on the deficit for 1984-85.

The bulk of foreign capital that has entered Australia in the last ity.

cipation no longer applies and the board review will be a mere formality. three years was mostly in the form of foreign borrowings, rather than direct investments, thus abetting the country's external debts and pushing it to its current estimated also been abolished, paving the way level of A\$80bn. The Government is for entry of Japanese and Hong now grappling with a debt-service Kong interests, which are known to burden that has rocketed from 8 per have been eyeing the Australian cent of export income five years ago market closely. to the current 34 per cent.

to offset the growing flight of private capital from Australia, which and institutional investors, who had started to be felt earlier this year. in the past shown considerable in-Direct foreign investment by Australian companies has risen sharply estate in Australia. At present, from AS803m in 1982-83 to AS1.3bn there is a virtual prohibition on in 1963-84, and further up to Such foreign purchases, but over-A\$2.4bn in 1984-85. Most of these in-vestments were in foreign equities. Subject to 50 per cent Australian

The new guidelines are addressed mainly to prospective in-vestors in the Australian property adequately demonstrated that he market. Under existing polici eigners' acquisition of real estate partner.

In the manufacturing sector all more is acceptable only if they have local equity requirements have

ments and eventually improve Aus-tralia's external accounts.

50 per cent Australian equity and only after a thorough review of its

The 50 per cent Australian equity requirement on acquisition of ser-vice industry real estate, particularly in hotels and tourist resorts, has

the current 34 per cent.

Mr Keating also has a package for US and British investors, espeterest in developed commercial real participation. However, full acquisi-

could find a suitable Australian

been dismantled. Mr Keating said that foreign investors could expect most of their applications to be approved, "unless they are judged to be contrary to the national inter-

> Also part of the new liberalised policy is the abolition of the divi-dend withholding tax and the branch profits tax. Under current policies the dividend withholding tax is charged at 50 per cent on dividends paid to residents of countries with which Australia has a doubletax treaty, and 30 per cent for other countries. Branch profits tax is levied at 5 per cent on profits of foreign companies operating in Australia through a branch, rather than

Foreign exchange dealers in Sydney said the Government's action should place a floor under the Austratian dollar. Others will be waiting for overseas markets' reaction to the government's announcement. All, however, will be waiting to see if Mr Hawke's decision to stay home from the important South Pacific Forum results in the resolute action in the coming budget generally recognised as necessary for the restoration of market confidence in the Australian dollar and

Oil price fears hit sterling

the Australian economy.

Continued from Page 1 borrowing, caused by the fall in oil tax revenues, with a mounting defi-cit in the UK's balance of payments as its surplus in oil trade dwindles. Many analysts felt that nervousness over the pound had been exag-gerated. Mr Gavyn Davies, chief UK economist at broker Goldman Sachs in London, commented that

The pound ended in London at \$1.4815, down 0.15 cents against the dollar, and lost Y3 to Y230.75. The Bank of England's sterling ex-change rate index closed at 71.7, down 1.3 from Friday's close and 4.5 in the past four weeks.

The US is hoping that Mr Be-smertnykh's Washington talks, which began on Friday, will help to clear the way for a further summit

the pound now appeared to be over-sold.

proposal for Soviet troops to pull meeting between President Reagan out of Afghanistan in three to four and Mr Gorbachev in the US later months as part of a political settle-

ment to the conflict.

Mr Gorbachev made no reference to this proposal, saying only that could best move forward in the relations in the weeks ahead.

Mr Bernard Kalb, the State Detroops from Afghanistan could be speeded up. Schedules for their return have been agreed with the Afghan leadership. He reiterated the long-standing Soviet view that as long as outside interference continues in Afghani-

Continued from Page 1

up for its neighbour. Confirming that he had received Mr Reagan's reply to his June arms control proposals, Mr Gorbachev said he needed to assess whether the US President made it possible to reach arms control accords and prevent the arms race reaching

stan, the Soviet Union would stand-

space. "We shall determine our fur-ther steps accordingly," he said. Moscow has indicated that decisions such as any move to extend its moratorium on nuclear testing. which expires on August 6, depend largely on Mr Reagan's reply to the Soviet proposals to cut medium-range and strategic nuclear weap-

ons, in exchange for a 15-year agreement to keep to the 1972 anti-ballistic missile treaty.

Such an agreement would block deployment until the next century of the space-based missile defence envisaged by Mr Reagan.
Mr Gorbachev said he objected to
Washington's interpretation of his

Geneva accord with Mr Reagan as guaranteeing more meetings. He emphasised again that he favoured another summit only if it brought progress on arms control.

this year. The State Department said that the aim of yesterday's talks was to see how the two sides

partment spokesman, said that Mr Gorbachev's remarks about summit prospects yesterday seemed a bit blurred. He reiterated that at last November's Geneva summit Mr Gorbarchev agreed to another sum-mit in the US this year and a third in the Soviet Union in 1987.

"The US is operating on the as-sumption that these meetings will take place as agreed," Mr Kalb said. Devoting much attention to Asia on his first trip to the Soviet far east, Mr Gorbachev disclosed that the Kremlin was negotiating with its Mongolian ally to withdraw a substantial part of its forces there, estimated by Western analysts at about 25,000 troops.

This move seemed aimed at China, which has cited the threat from Soviet troops on its border as one of the three obstacles to improving po-litical relations with Moscow. The other Sino-Soviet disputes centre on the Soviet presence in Afghani-stan and Vietnam's troops in Cam-

Mr Gorbachev stressed again the Kremlin's desire to develop friendly relations with Peking, and suggest ed that the two nations could co-operate in developing the Amur River Basin which forms China's nor-thern border with its estranged unist neighbour.

The Kremlin leader also said the Soviets would respond positively to a request for assistance in building a railway from the Xinjiang Uygur region of northwest China to Sovie

THE LEX COLUMN

Pirouetting Matilda

The recent performance of the Australian dollar has given new meaning to the phrase Down Under. Clearly the breaching of the US 60 cent mark is something up with which the Australian Government will not put, judging by the series of measures which emerged from the Treasurer's office yester-

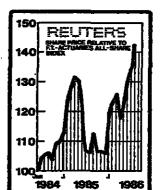
It is not obvious why the removal of the tax on interest paid on Australian concerns borrowing abroad should help the home currency, since the market for offshore Australian dollar paper has been blighted by all the Treasurer's rotations. The imposition of the 10 per cent tax less than a month ago struck the Japanese as unfriendly enough to provoke a bargain basement sale of Aussie bonds. This change seems no more than a panicked attempt to improve the image of the Govern-ment with overseas investors, no bad thing when Moody's is deciding whether or not to remove the country's triple A rating.

The appeal to overseas investors is supposedly reinforced by the removal of the minimum limit of 50 per cent Australian equity in in-digenous manufacturing and prop-erty ventures. While this may attract Hong Kong investors looking for a home, the hig industrial players would doubtless settle for nothing less than a complete dismant-ling of the Foreign Investment Re-view Board. Even then, the fundamental problem of high inflation, rapidly escalating current account deficit and labour rigidity makes new investment in Australian industry unattractive to the natives, let alone anyone investing in for-

eign currency. The recovery of the Australian dollar from an all time low of US cents 57 yesterday to 61 cents probably owes more to the Australian Government's own support opera-tion in the market than any international approval of the fiscal measures openly announced. The earliest occasion for a rational change in attitude to the currency would be an ultra tough budget next month, and even that would rest on the deunrest could then be avoided.

Sterling .

Not quite as exciting as a ride in the Australian bone-shaker, sterling has nevertheless begun once presaged bad news. Even so, that selling shares in April: on a pro-formore to seem a currency that is deal should not have been struck, ma basis, the employees seem to running on an unattractive mixture however inadvertently, given Mr have got in at three times earnings.



of political and petroleum risks. ace the springs are not particularly good, it is as well that the shock absorbers - the gilt-edged and money markets - did not have to cope with more than a modest bump yesterday. Whatever the right value for sterling, the other side of the next general election, neither the political nor the oil facts measured up to the rumour-content in vesterday's

However implausible it should have seemed, speculation that Mrs Thatcher was resigning as Prime Minister still shook the currency markets early in the day, and it made matters no better when the real news - an operation on her hand - was published. Likewise, the virtual absence of trading in sub-\$10 oil was no bar to the use of a venerable \$5 scare-story to generate some turnover on the foreign exchange desks. The fact that only the distressed would go into the oil spot market during an Opec meet-ing should perhaps have occurred to somebody in the currency markets; that it did not do so exemplifies the suspension of common-sense that is required for silly-sea-

Reuters

Like one of its screens, Reuters yesterday displayed a great many numbers without much interpreta-tion. Fortunately for such a highlyrated company, the established trends in the figures seem to be continuing, with pre-tax profits in the half-year up by 32.4 per cent to

The market need not have worried, after all, that the recent share der that the risks were taken on sale by Mirror Group Newspapers

Robert Maxwell's position on both companies' boards. Though not insider dealing in the strict sense, the market drew obvious conclusions from Mirror Group's disposal. The damage done to the share price has only now been made good, with the shares closing yesterday at 503p, up

Reuters is a classic case of selling shovels in a gold rush. The tools needed in the global boom in for-eign exchange dealing, money and securities markets are electronic information services. There seems no stopping the expansion of these markets, and Reuters is getting its Fair share of business as the figure for installed terminals, up 57.7 per

cent over the last year, shows. While traders in less happy places such as the Middle East and Latin America are having their screens removed, growth elsewhere has more than compensated. Al-though in North America Reuters is still struggling to win market share, the introduction of money dealing on screen in Japan this spring ap-pears to have been a success. All this and price rises too have fat-

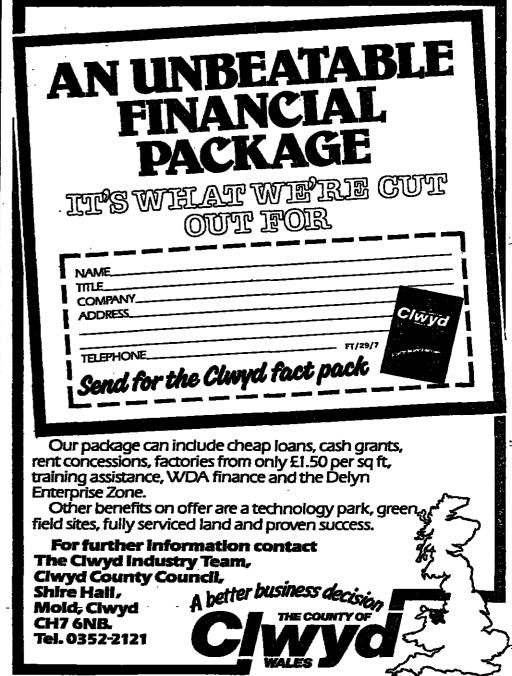
tened margins even further.

The trouble will come if the gold rush ends or somebody markets a better shovel. Fixed exchange rates and the death of the Eurobond market seem unlikely at present. Meanwhile, Reuters is actively developing its service and making suitable acquisitions. However fast the cash is spent, more piles up; Reuters now has £166m earning interest at a rather lower return than it makes in business.

The effect of currencies on profits - 80 per cent come from abroad may be positive in the second half as the Europeans matter more than the dollar. Pre-tax profits now look set to exceed £125m, against 533.6m, giving a multiple around 27.
That may be high, but even the US placing this week may not dent it

VSEL shares

It is not clear that the submarine business, any more than the UK helicopter industry, is a fit subject for valuation on a multiple of earnings. But the listing particulars at-tending the Stock Exchange introduction of VSEL serve as a reminboard when the consortium was







SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday July 29 1986



UBS buys **Vaduz** financial concern

By John Wicks in Zurich

UNION BANK of Switzerland (URS), has bought the Vaduz-based company Sinit from the Milan bank Credito Italiano at an unspecified

Sinit, whose full corporate title describes it as "promoting financial, banking and trading business," is the only non-bank in Liechtenstein to have a so-called limited banking

This permits it to carry out banking transactions other than those involving persons or firms domiciled in the principality. However, Sinit has "long been inactive," ac-cording to UBS.

ate plans for the Vaduz company, which was set up in 1947 and has a share capital of SFr 10m (\$5.8m). It stresses that Sinit will not be used to take advantage of the fact that withholding tax and is not a signa-tory to the current good-conduct code of the Swiss Bankers' Associa-

The company will definitely not be expanded into a full bank. The Liechtenstein authorities have repeatedly made it clear that no for-eign banks will be permitted to operate in the country. At prese there are three banks in the principality, all of them locally controlled.

UK food group share for the shares. to sell house building unit

By David Goodhert in London

CHRISTIAN SALVESEN, the food distribution and industrial services group floated on the London stock market one year ago, has an-nounced that it is in the final stages of negotiating the sale of its house building operations for a total of about £50m (\$74m).

Mr Barry Sealey, managing director, said there was "no single reason" for the sale but the building company has recently performed below average and several enquiries had been received by the par-

become a one-product concern it strategy of selling off peripheral interests and strengthening the food and distribution operation.

The building company is one of the few in the group which is not providing a service to corporate

clients. Salvesen, which recently unveiled pre-tax profits of £37.6m on turnover of £295m, announced in June the sale of its seafood division

The building division is made up of five regional operations based in Glasgow, Chester, Leigh (Lancashire), Doncaster and Northampton which are likely to be sold seperateies together made s pre-tax profit of just under £5m last year on turnover of about £80m.

The building division as a whole made a pre-tax profit of £9.3m but that included the flourishing brick business - which is not being sold and the sale of some land.

Mr Sealey said that one problem

for the house building division was that it did not have a presence in Othe highly profitable south-eastern market and the company would have had to invest heavily to win a place there. There are no immediate plans to

use the income from the sale which in any case may take up to a year to complete. Mr Sealey even admitted that the sale may reduce next year's profits slightly

Wessanen to make cheese in Ireland

By Our Financial Staff

WESSANEN, the Dutch foods group, plans to make cheese in Ireland. Baars Kaas, a division of Wesnen, made its decision because the Dutch milk market cannot meet its future requirements.

Bears Kaas has forecast a yearly 3-5 per cent increase in its milk needs, and decided on an Irish production plant to meet them.

Because of EEC production ceilings, imposed to reduce the Com-munity's milk surplus, the company ders to take no immediate action. has a progressive annual milk shortfall of 3 per cent and the Neth- ite, said he hoped he could get Harerlands must cut milk output of greaves' agreement to the terms, about 13m tonnes by 10 per cent by "but in any event we intend to go 1990 under European farming bud- ahead."

Construction of the Fl 20m (\$8.29m) factory in Ireland, which in the year to March, manufactures will employ 40 people, will start Britain's biggest selling brand of next month. The exact location has through its subsidiary, Charringnot been disclosed.

US GROUP EXPECTS EXPORT BOOST FROM LOWER DOLLAR

Weyerhaeuser earnings rise 15%

WEYERHAEUSER, the big US for net earnings reflected the strengthest products group, has reported a ening of markets for pulp and con-15 per cent increase in net earnings for the second quarter to \$88.3m from \$59.6m a year ago. Earnings per share rose to 46 cents from 41

Sales during the quarter rose 7 per cent to \$1.49bn from \$1.49bn a

Mr George Weyerhaeuser, president, said that the improvement in for lumber and plywood, after ris-

tainerboard. There had also been record results in the company's newsprint business as well as a strong performance by the property

Log export markets had re-mained soft during the quarter. In-dustrial and building materials markets remained firm, but prices

Results for the first six months showed Weyerhaeuser's sales 5 per cent ahead on the same period a year earlier at \$2.8bn against \$2.57bn. Earnings for the first half were up 21 per cent to \$118.3m (77 cents a share) against \$97.9m (65 cents a share) in the first half of

ing early in the quarter, had export markets would gain in the dropped sharply in May and June. second half of the year from the weakness of the dollar, especially packaging markets were also exected to be firmer.

He warned that profitability in the third quarter would be hit by the effects of the pay dispute that has brought more than 7,000 workers at Weyerhaeuser plants in the north-west out on strike for the past

Union losses

deepen

US telecommunications group which is planning a capital reconwhich is painting a capital recon-struction, ran up a further loss in the second quarter of this year des-pite a \$6m gain on the \$155m dispo-sal of its government systems divi-

share, against a deficit of \$9.7m, or 65 cents a share, in the same period of last year. Sales slipped to \$229m For the first six months of the year, Western Union had a net loss of \$24.8m, or \$1.53 a share, compared to a loss of \$25m, or \$1.54 a

share, in the same period of last year. Revenues fell to \$455m from Separate figures for Western Union Telegraph, the core of the company, indicate that its loss position is worsening, reaching \$1.6m in the second quarter against \$0.6m in 1985, and going up to \$9.2m from 1985, and going up to \$9.2

Western

By Terry Dodsworth in New York WESTERN UNION, the embattled

mains confident of maintaining net Net losses for the quarter consolidated earnings this year desamounted to \$9.5m, or 64 cents a pite the 12 per cent fall in first-half turnover reported yesterday.

Group sales in the first six months totalled SFr 19.4bn (\$11.2bn), and the decline was attributable entirely to the appre-

the 28 per cent collapse of the dollar against the Swiss franc since the first half of 1985. Purged of the currency fluctua-tions, Nestle's sales would have re-

Unocal repeats call for oil import tax

Nestlé still confident

despite fall in sales

BY WILLIAM DULLFORCE IN GENEVA

NESTLÉ, the Swiss food group, re-

ciation of the Swiss franc again other currencies, the company said. The most important influence was erating assets," Mr Hartley said.

Mr Hartley, who is one of the

most outspoken critics of the US

Administration's energy policy within the ranks of the US oil ma-

jors, again attacked what he called the US Government's inability to protect the American petroleum in-

dustry from Saudi Arabia's predato-

ry pricing which is driving down

"I have repeatedly called for the imposition of a flexible security fee on imported crude-oil and petro-

leum products as a swift way of pre-

venting further erosion of Ameri-

ca's domestic energy supplies." But,

he added, the nation's leaders were

failing to recognise "the serious consequences of their inaction"

Unocal earned \$104.8m, or 90 cents a share, compared with \$301.1m, or

month figures, contributed some

Nestlé believes that the currency

effects will be less marked and the sales decrease smaller in the sec-

ond half, although the effects of the

most recent fall in the dollar rate have still to come through.

However, Nestlé expects the 1988

Nestlé has already absorbed prac-

tically all the financial charges for

its takeover of Carnation, the US

processed-foods company. Manage-

SFr Ibn to turnover.

For the first six months of 1986

crude oil prices.

BY WILLIAM HALL IN NEW YORK

UNOCAL the US west coast oil company which is suffering more than most groups from the slump in oil prices, yesterday reported a 71 per cent drop in second quarter net ncome to \$34.6m and repeated its call for an import tax to protect the

US energy industry.
Mr Fred Hartley, the company's chief executive, said that the second quarter results reflected the full impact of the dramatic fall in world oil

prices.
"Each barrel of oil we produce sells for approximately 40 per cent of the price we received just seven months ago," Mr Hartley said yesterday and added that production of Alaska North Slope crude from Unocal's interest in the Kuparuk field nets less than \$4 per barrel at the

"We have cut expenses by consolidating operations, paring capital spending, reducing the workforce spending reducing the wormoon through a voluntary early retirement programme, freezing hiring, last year.

US media group earnings shutting in non-economic produc **jump 63%** tion and selling selected non-op-

By Williams Hall in New York

CAPITAL CITIES/ABC, the media conglomerate formed earlier this year after Capital Cities' \$3.5bn takeover of ABC, one of the big three US television networks, yesterday reported a 63 per cent jump in second-quarter earnings to \$67m but warned that the results are not indicative of the expected results for the balance of the year because of the seasonal nature of the busi

The latest quarter follows a token \$1.97m profit in the first quarter the current year the group earned \$69m, which was unchanged from

However, because of the new shares issued as part of the take-over of ABC, the group's earnings per share for the first half of 1986 fell by 19 per cent to \$4.27. Revenues for the six months rose nearly fourfold to \$1.98bn. Capital Cities. ABC shares rose by \$2 to \$250% in early trading yesterday.

The company said the ABC Tele-vision Network continued to be afected by the relatively weak de mand for network advertising. Sec ond-quarter results for all other opsion were generally ahead of expec

Results of the publishing division, excluding the recently acquired ABC publishing opera-tions, decreased slightly, principalnet consolidated profit to be "at ly due to weakness in advertising least equal to" last year's SFr

As a result of the television net work's revenue outlook, combined with higher sports rights and pro gramming costs for the balance of 1988, the company anticipated that ment has relieved profits of depre-ciation charges on SFr 3.6bn in of 1986 would not be comparable goodwill by amortising it in one go last year. with the gains reported in the sec-ond quarter of 1986.

Safeway thwarts Dart takeover merger of Safeway and SSI in which Safeway's remaining sharemonths has not matched that of its

SAFEWAY STORES, the US supernarket chain, has thwarted a hostile takeover hid from the Dert Group, a small Maryland retailer, by agreeing to a \$4hn leveraged buy-out organised by Kohlberg, Kravis, Roberts, which specialises n assisting managements to buy

out their companies.

Sefeway disclosed late last week that it was considering alternatives to a \$64 per share cash takeover bid from Dart, which has been pursuing it for the past three months. ray has strongly resisted

Dart's takeover approaches.
Under the agreement with KKR, which ranks as one of the largest leveraged buy-outs in US corporate history, SSI Holdings, a newly formed subsidiary of KKR, will begin a tender offer at \$69 cash per share for up to 45m of Safeway's

The offer will be followed by a Safeway's performance in recent

US competitors, particularly in its holders will receive, for each share, home market of California. In the subordinated discount debentures of SSI having a market value of \$61.60 and one warrant to purchase common stock of SSL The warrants will entitle shareholders to purchase 5 per cent of SSI's initial outstanding common stock and will be exercisable when SSI shares become publicly traded. KKR said yesterday that certain members of

Safeway's management would have a stake of up to 10 per cent in SSL Safeway, the world's largest su-permarket chain, has close to 2,000 stores in the US and operations in the UK and Canada. It employs 164,060 staff world-wide and its op-erations have been under considerable competitive pressure in the US from non-unionised discount retail-

three months to mid-June, the group's net income fell by 8.6 per cent to \$45.6m on sales of \$4.6bn. Industry analysts have speculated that the group might be forced to sell off some of its assets, valuable property in California or more prof-itable overseas operations, in order to finance its heavy debt burden. KKR said Bankers Trust had agreed to raise \$3bn in bank financing for the acquisition.

Dart, which has previously attempted to take over May depart-

ment stores and Jack Eckerd, a drug store chain, has threatened to sue Safeway if it accepted an offer from a third party, but industry an-alysts discounted Dart's chances of unravelling the KKR deal. Dart has

VF to buy Blue Bell in \$800m deal

VF CORPORATION, a fast-growing Texas, another group of predators. Pennsylvania textile company, is Although Blue Bell took on a big acquiring Blue Bell, the second debt burden when it went private Pennsylvania textile company, is acquiring Blue Bell, the second largest US jeans manufacturer, in a deal valued at more than \$800m, as reported briefly yesterday. The takeover will create the biggest clothing company in the US.

Mr Lawrence Pugh, the 53-yearold chief executive of VF, said the acquisition of Blue Bell, which is

earnings per share. Blue Bell went private in 1984 af-

BY KENNETH MARSTON IN LONDON

INCO, the Canadian mining company and the Western world's main

Net earnings for the second quar-ter amounted to US\$3.7m which, af-

ter taking in the first-quarter loss,

left a half-year profit of \$0.2m com-

pared with a profit of \$33m for the first half of last year.

The lower half-year result reflect-ed a 15 per cent fall in nickel prices

from the levels of a year ago. In the

latest quarter, however, lower unit

costs coupled with increased sales

at higher prices of the company's platinum group metals and gold

depressed prices for the nickel and

BY MARTIN DICKSON IN LONDON

COALITE GROUP, which has inter-

ests ranging from fuel manufactur-ing to sbeep farming in the Falk-lands, yesterday launched an £31m (\$113.4m) takeover bid for Har-

greaves Group, which would create

one of Britain's largest fuel distrib-

which is involved in coal and oil

trading, construction materials and

the distribution of commercial vehi-

cles, said it was consulting its finan-

Mr Eric Varley, chairman of Coal-

Coalite, which made pre-tax prof-

its of £39.4m on turnover of £445m

ution businesses.

Yorkshire-based

Demand for nickel was expected to return to normal ope to improve in the current half year in the current quarter.

bid for Hargreaves

Hargreaves

Coalite launches £81m

Falklands.

have offset the effects of contin

ickel producer, has returned to profit in the second quarter after experiencing a loss in the first three months of this year.

through a \$472m leveraged buy-out, Mr Pugh has denied that the acqui-

known for making Wrangler jeans, will add more than \$1bn of sales to VF's sales base of \$1.5bn and will provide a positive contribution to jeans market. VF, which manufac-tures Lee jeans and earns about 60 per cent of its profits from jeans, employs 32.000

return Inco to profit

sition represented a rescue of the famous jeans maker. He said Blue Bell had made great strides since it went private and its annual operating income was about \$125m.

The combination of the two companies will be forceful in the fiercecompetitive \$5.5bn a year US

against that of the same period of 1985. This, together with the higher prices for precious metals, could ea-sure the company remained in prof-it. Whether earnings for the full year could match those of 1985 re-mained to be seen

Sales of platinum group metals and gold rose in the second quarter

to 111,000 oz to make a half-year to-tal of 198,000 oz compared with

167,000 oz in the same period of last

s. The stocks were expected

to return to normal operating levels

tons, and is also involved in vehicle

distribution and builders mer-

chants. The Falkland Islands Com-

pany, a subsidiary, operates sheep

farms and trading services in the

Mr Varley said Coalite had been

trying for some time to expand its

energy distribution business and

Hargreaves - which made £9m pre-

tax in the year to March on £306m

turnover - would provide a very

presence in London and the south-

east of England is not represented

in the north of England, which is

the main operating area of Har-greaves' fuel distribution business.

A merger would create one of the

UK's biggest fuel oil distributors,

accounting for some 6 per cent of

the market, while Hargreaves'

strengths in industrial coal distribu-

tion would complement Charring-

Charringtons, which has a strong

good commercial fit

mained to be seen.

against 148m lb.

Blue Bell went private in the fighting off unwelcome takeover approaches from the Belzberg family, a group of Canadian corporate jeans, employs 29,000.

Under the deal, VF Corporation is

paying \$122.5m in cash and issuing 5.3m of its shares for all of the 3.6m fully diluted Blue Bell shares, VF is also assuming the outstanding long-term debt of Blue Bell, which was 1988, and will purchase \$71m of existing preferred stock held by Blue Bell's employee stock ownership plan for \$41m in cash and \$30m in

VF common stock. Mr Pugh said despite an initial debt to total capitalisation ratio of 47 per cent after the acquisition, "we are confident that the strong cash flow of the combined entity will enable us to quickly reduce our debt levels.

He said the deal would enable VF to further strengthen its retail dis-

Higher platinum prices Australian oil refiner slides back into loss

By Our Financial Staff

CALTEX AUSTRALIA, the oil refiner jointly controlled by Chevron and Texaco of the US, slid back into loss for the six months to June after two profitable years.

A pre-tax deficit of A\$28.2m (US\$17m) compares with earnings in the 1965 first half of A\$22.1m, on a slight dip in sales to A\$1.15bn from A\$1.19bn. The interim dividend, 4 cents a share last year, has been omitted.

year. Nickel sales were little changed at 97m lb to make 195m lb Caltex Australia, which in 1981 against 194m lb, while cooper sales took over the Golden Fleece netwere 68m lb, making 141m lb work of petrol stations, is about 75 per cent owned by the two US oil Inco's stocks of finished nickel majors, with the remainder quoted were increased by 22m lb in the latin the domestic market. est quarter to 98m ib in preparation for the summer vacation shutdowns The company blamed the loss not only on the fall in world crude valat the primary metals production

ues, but also on the oil pricing policies of the Australian Govern which sets official levels at which lomestic production is sold. Caltex officials were quoted in Sydney as saying that centrally im-posed price cuts had resulted in a A\$98.8m loss during the period, de-

rived from writedowns on invento-ries purchased at higher levels.

Hallmark in plan to buy TV network

HALLMARK Cards, the world's largest manufacturer of greetings cards, and First Chicago Venture Capital, have agreed to acquire Spanish International Com tions, owner and operator of the largest group of Spanish language television stations in the US, in a deal worth \$301.5m.

SICC, a privately held corpora tion, operates television stations in major centres including New York. Los Angeles, Miami, Denver, Philadelphia and Austin. The joint buyers say they will re-

tain SICC's Spanish language for-The deal is subject to approval by the Federal Communications ComThis announcement appears as a matter of record only.



N.Z. Forest Products Limited U.S. \$250,000,000

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Citicorp Investment Bank Limited

May 22, 1986.

CITICORP INVESTMENT BANK

INTL. COMPANIES & FINANCE

The Accounts of Riunione Adriatica di Sicurtà for the year ended 31st December 1985, highlights from which are shown on the right, were adopted at the Annual General Meeting of the Company held in Milan on 26th June 1986. Gross profit amounted to Lit. 64.2 bn while net profit, after special provisions and dividend withholding tax amounting to Lit. 24.9 bn, advanced by 34.8% to Lit. 27.5 bn.

A dividend of Lit. 240 per share payable as from 17th July 1986 was declared on an equity base consisting of five times the number of shares as in the previous year, as a result of the stock split and combined rights and scrip issue made in the spring of 1986. This is equivalent to a 20% increase in dividends over 1984.

Premium income in Italy, excluding reinsurance, was Lit. 1,152 bn, of which Lit. 867 bn was attributable to general business and Lit. 255 bn to life assuran-

Underwriting results were much in line with the previous year. Claims experience deteriorated in some lines, with Third-Party Motor Liability continuing to show a deficit, whereas other classes produced surpluses.

The Company's total investments rose from Lit. 2,308 to 2,685 bn, producing net income of Lit. 247 bn, 15.4% up on

At a Board Meeting held after the Annual General Meeting, Umberto Zanni was elected Chairman and re-appointed Managing Director.

	DI SICURTA'
	MILAN-ITALY
RAS ONL	HIGHLIGHTS OF ACCOUNTS Y, DOMESTIC AND FOREIGN BRANCH OFFIC (in billion lire)

RAS ONLY, DOMESTIC AND FOREIGN BRAI	EIGN BRANCH OFFICES			
(in billion lire)	1985			
Premium Income	1,493.2			
Investment Income	290.8			
Claims, Maturities and other Benefits paid	778.7			
Insurance Reserves, Non-Life Branch	1,428.8			
Insurance Reserves, Life Branch	1,135.3			
Life Sums assured	8,463.4			
Share Capital	87.5			
General Reserves	551.9			
Profit for the year	27.5			

OF	EMIU THE LY AI	RAS	GROU BRO	JP	SALES OF THE RAS GROUP Premium income breakdown in 1985 (in billion lire)
			•	3.600	RAS
				3,400	(in Italy and abroad) 1,493.2
				3,200	Other Italian Group
	\perp			3,000	Companies
				2,800	
	1_			2,600	Foreign Group Companies 1,841.4
	<u> </u>			2,400	Total premiums 3,661.4
	<u>L</u>			2,200	
	<u> </u>			2,000	RAS Group Life Business
1981 198	1983	1984	1985	· · ·	Total Sums assured. L. 17,474 billion lire

MEER RATIONAL			KELLOGG CO.		
Second quarter	1985	1995	Second quarter	1986	1985
tet profits tet per share	45.05m 1.55	26.24m 1.22	Net per share	867.2m 69.2m 0,56	713.7± 62.2± 0.50
terence	119.25ca 4.12	101.89m 3.51	Revenue	1,05bn 145.7ca 1.18	1.41bs 133.3a 1.00
RANE CO.			LAC INTREPALS		
Second querter	1986	1985	Second quarter	1986 CS	1985 CS
levenue	310.7m 11,05m 0.50	297.8m 9.19m 0.67	Revease	62.8m 2.6m 0.9	35.4m 4.7m 0.17
Six months evenue let profits	579.05m 15.28m	521.2m 11.94m	Six months Revenue	111.9m 4.9m	75.4cm
ist per share		0.87	Net profits Net per stare	0.17	0.44
OW CORNENG Sicone products			LOUISIANA LAND Oil and gas lands		
Second quarter	1986 \$ 2747#3	1985	Second quarter	1965	1985
et profits et per shere Six months	274.7m 29.3m	220.2m 23.2m	Revenue	181.1m 5.1m 0.19	302m 23.3m 0.84
evenue	520.1m 51.9m	435.8m 47.5m	Six months Revenue Not profits	435m 19.9m	604.8m .51.4m
et per shere			Net per share	0.74	1.85
ALCOMBRIDGE ining			McCOMMELL DOUGLA		
Becond quarter	1986 \$ 259.7m	1985 \$ 245.1m	Second quester	1986	1985
et profite et per shere Six months	10.1mt 0.17t	15.04m 0.26	Revenue	3.25n 81.2m 2.01	2,85bn 86.1m 2,15
evenue	582.1m 14.8m	461.4m 27.3m	Het per shere Six months Revenue	6.24bn	5.61bn
et per shere Loss	0.26	0.69	Net per shere	142.3m 3.52	177.5m 4.43
ENUME PARTS stoperts, industrial sup	plies		NABISCO BRANDS Foods		
Second quarter	1986	1965	Second quarter	1966	1985 3
rrasse st profits et per stare Six months	817.5m 81.1m 0.56	589.1m 29.6m 9.55	Net per there	219.9m 6.2m 0.31	240.8m 7.6m 0.38
et per shere	1.18bs 58.1m 1.09	1.13bu 56.4m 1.04	Net profits	444an 15m 0.75	475m 15.5m 0.79
OLIDAY CORP.			NATIONAL DISTRIBUTES Chemicals, spirits, whee		
Second quarter	1986	1985	Second quarter	1996	1985
d profits	421m 38.1m	468.5m 32.2m	Revenue	530.8m 11.4m	506.2m 4m
rt per share Ex months evenue	1.48 808.5m	1.16 896.4m	Not per chare	0.31 1.16be	9.6 1.06ba
rt profits It per share	57.9m 2.25	85.9m 2.24	Not profits	32.2m 0.92	24.5m 0.57
USKY OIL ude petroleum and nat	ural ges	<u></u>	NATIONAL MEDICAL Hospital management		
lecond querter	1986 C\$	1985 C\$	Second quarter	1986	1965
Menue	158m 34.5m	239.2m 29.9m	Herence	985.hm. 2.13m	825.4m 41.3m

Energy drilling slips in western Canada

BY ROBERT GIBBENS IN MONTREAL

ENERGY EXPLORATION activity efforts to restructure its debt. The anada, with drilling in May down world coal prices. 45 per cent from the previous month and down 62 per cent com-

Figures published by Statistics Canada, the government informs third coal mine in north-east tion service, show that activity in British Columbia at a capital cost the drilling and oil services sector, a vital part of the Alberta economy particularly, has returned to the level of 1971-72, before the first talks with its Japanese customers world energy crisis.

has fallen dramatically in western company has been hit by falling Quintette said it plans to make the first scheduled principal repayment on its C\$700m (US\$507.2m)

debt soon, and would proceed immediately with development of a British Columbia at a capital cost of CS12m. This would maintain its production levels to 1991.

world energy crisis.

On coal prices.

Quintette Mines, the big mining Quintette produced 2.74m tonnes energy and industrial product of coal in first half of 1986, up 5 per group, has made the first move in cent from a year earlier.

Allied-Signal expects to double sales of parts

BY OUR FINANCIAL STAFF

its motor components sales almost fuel injection systems.

to double in volume by 1990, with a value of at least \$5bn, Mr Edward to build up its business with Japa-

etroit yesterday. Motor components make up ventures was about a quarter of the group's sales, elsewhere, which totalled \$9.1bn in 1985 and Mr Henn

ALLIED-SIGNAL, the US diversifi- has already announced that it will ed company with interests in chem- step up investment in motor compocals, motor components, energy, nents, with special emphasis on serospace and electronics, expects such areas as anti-skid brakes and

lennessy, the chairman, said in nese motor groups as a supplier of ventures with them in the US or

which totalled \$9.1bn in 1985 and Mr Hernessy also acknowledged that Allied-Signal was considering reach \$11bn this year. The group a share repurchasing plan

Olympia appeals against Hiram Walker decision

BY ROBERT GIBBENS IN MONTREAL

firam Walker Resources' distilling was illegal.

osiness to Allied-Lyons for The Ontario appeal court has not yet set a date for bearing Olympia's

In an application to the Ontario court of Appeal, Olympia claimed he divisional court had erred on ne legality of certain anti-takeover

OLYMPIA and York Developments, and liquor business earlier this the Canadian real estate and re-year after its management had arources group, is seeking to appeal ranged to sell the distilling assets to gainst an Ontario divisional court Allied-Lyons of the UK. Since then iling of July 9 allowing the sale of it has been trying to show the sale

> application.
>
> • Ipsco, western Canada's only sizeable steel pipe and flat products group, has incurred a first-half loss

because of the collapse in oil and ent of Hiram Walker.

Olympia, controlled by the Reichpipeline orders.

Olympia, controlled by the Reichpipeline orders.

The six months loss was CSLIm

rol of the Hiram Walker energy (\$1.3m) on sales of C\$118m

All of these securifies have been sold. This announcement appears as a matter



\$20,000,000

8% Convertible Subordinated Debentures Due 2006 Interest Payable on July 15 and January 15

The Debeniures will be convertible into Common Stock of the Company at any time prior to maturity, unless previously redeemed, at \$31 per share, subject to adjustment under certain conditions.

L. F. ROTHSCHILD, UNTERBERG, TOWBIN, INC.

GABELLI & COMPANY, INC.

Auwi Vasco-Aragonesa, Concesionaria Española, S.A. U.S. \$70,000,000 Guaranteed Floating Rate Notes Due 1995

July, 1986

The Kingdom of Spain

Notice is hereby given that for the six months interest period from July 23, 19% to January 24, 1987 the Notice will carry an interest rate of 6% per anoma. The interest payable on the relevant interest Coupon No. 3 will be U.S.\$345 00 and U.S.\$3,625.00 respectively for Notes in denominations of U.S.\$10,000 and U.S.\$20,000. July 29, 1986 **()**

& Company £60,000,000 Floating Rate Subordinated Notes

due January 1994 In accordance with the In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 28th July, 1986 to 27th October, 1986

the Notes will carry an Interest Rate of 10%% per annum. Interest payable on the relevant interest payable on the relevant interest payment date 27th October, 1986 will amount to £125-60 per £5,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York



TUBOS DE ACERO DE MEXICO.S.A.

US \$85,000,000

Floating Rate Notes due 1989

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 29th July, 1986 to 29th January, 1987 has been established at 91/2 per cent. per annum.

The interest payment date will be 29th January, 1987. Payment which will amount to US \$1,213.89 per US \$25,000 Note and US \$242.78 per US \$5,000 Note, will be made against the relative coupon.

Bank of America International Limited

Bank of Tokyo (Curacao) Holding N.V.) US\$50,000,000



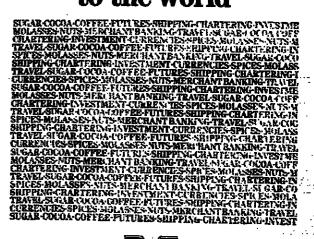
Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed by The Bank of Tokyo, Ltd.

In accordance with the provisions of the Agency Agreement between Bank of Tokyo (Curação) Holding N.V., The Bank of Tokyo Ltd., and Cifibank, N.A., dated July 10, 1980, notice is hereby given that the Rate of Interest has been fixed at 611/16% p.a. and that the interest payable on the relevant Interest Payment Date, January 29, 1987 against Coupon No. 13 will be US\$174.10.

July 29, 1986, London By: Citibank, N.A. (CSSI Depi.), Agent Bank.

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CAMBRIAN & GENERAL SECURITIES p.i.c. US\$50,000,000 Secured Floating Rate Notes Due 1992

Notice is hereby given that the Rate of Interest has been fixed at 7% and that the interest payable on the relevant Interest Payment Date January 29, 1987 against Coupon No. 4 in respect of US\$10,000 nominal of the Notes will be US\$402.50.

July 29, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

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MANAGEMENT **BUY-OUTS**

The Financial Times is proposing to publish a Survey on Management Buy-Outs on Friday October 10, 1986

For further information, please contact: **COLIN TENNANT**

Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY Tel: 01-248 8000 Telex: 885033



Guaranteed Floating Rate Notes 1995

Holders of Floating Rate Notes of the above issue are hereby notified that for the next interest period from July 29, 1986 to January 29, 1987 the

following information is relevant: 1. Applicable Interest rate:

61/4% per annum

per US \$500,000.00 nominal

2. Interest payable on next Interest Payment Date: US \$3,450.00 per US \$100,000.00 nominal or US \$17,250.00

3. Next Interest Payment Date:

July 25, 1986

January 29, 1987

BAAsiaLimited

INTL. COMPANIES and FINANCE

Sharp fall for Japan's steelmakers

JAPAN'S FIVE big steel manufacturers suffered a sharp fall in consolidated earnings for the year to March, affected by the yen's steep appreciation and a decline in crude steel

In the steel industry the performances of parent companies account for a high proportion of the consolidated results. Even in the case of Nippon Steel, the largest Japanese steelmaker, consolidated sales were only 7.3 per cent higher than those of the parent.

However, consolidated pre-tax profits of the five were between 30 per cent and 70 per cent below those of the parent companies. Nippon Steel was dragged down by the pre-tax deficits of its sub-

Co	JAPANESE STEI molidated results,	L PRODUCERS year to March 1986	i
	Sales change	Pre-exx profits change	Net profits change
Nippon Steel	Yon %	Ybn % 34.90 -64.3 16.44 -56 22.96 11.43 -50	Ybn %
Nippon Kolan	2,881 — 6		40.9219
Kawasaki Steel*	1,345 —12		4.8564
Kabe Steel	1,235 —		18.49
Suminana Matal	1,237 — 5		4.5637
Sumitorno Metal * First conso	1,207 2	20.51 —50.5	18.61 — Z
	lidated results, m	comparison availab	de.

reversal from the preceding year's profits of Yibn.

Sumitomo Metal's equity earnings from affiliates tumbled by 60 per cent, affected by the profits setback at Nippon Stainless and at Kanto Special Steel.

For the current year ending March 1987, all five steelmakers expect a further fall in earning in the face of severe busi-ness circumstances arising from the yen's appreciation.

Nittetsu Yosetsu Industries, while Kobe Steel suffered from a sluggish performance by its construction machinery substidiaries, Of their equity-accounted affiliate companies, only Nippon National Steel in the US, acquired in 1984 — a sharp side accounts of the companies of the

Carlton Paper setback despite higher turnover

By Our Johannesburg Correspondent

Barts

CARLTON PAPER, the 38 per cent owned South African paper products manufacturing associate at Kimberly-Clark, increased turnover by 8.8 per cent in the first half of this year but

suffered a drop of nearly 44 per cent in pre-tax profits.

Mr Keith Partridge, the managing director, said that al-though market share was maintained, sales volumes dropped and the company was unable to recover increased costs fully by increasing prices.

Turnover increased to R92.2m (\$36m) from R\$4.7m and pre-tax profits were R4.42m against R7.88m.

R7.88m.
First-half earnings per share dropped to 15.2 cents from 28.3 cents and the interim dividend has been cut to 8 cents from 14 cents.

have fallen to 12.3 cents from 20.8 cents and an interim dividend has not been declared. Last year an interim dividend of 11 cents was paid. A second-half loss left earnings at 17.1

Amsterdam-Rotterdam Bank -AND-

are pleased to announce that prices for a selection of Dutch guilder Bonds are now available on the

Reuter Monitor pages AMRX/Y. For further details please contact:

(Tel. Amsterdam, 20 / 64.45.66)

Amro, Securities Trading Department (Tel. Amsterdam, 20 / 26.01.26)

Blue Circle hit by South African building recession

THE continued recession in the cents a share last year and a THE continued recession in the cents a share last year and a South African construction industry led to a 7.5 per cent drop in first-half cement sales by Blue Circle, the 42.2 per cent sidiary of Metal Closures Group owned associate of the UK's Blue Circle Industries.

Turnover fell to R146m of this year, despite increased competition

[\$857.1m] from R151m and the interim trading surplus before

[\$158.1m] from R151m and the competition

[\$158.1m] from R151m and the competition

[\$158.1m] from R151m and the cents a share last year and a final dividend was not declared.

[\$158.1m] from R151m and the cents a share last year and a final dividend was not declared.

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[\$158.1m] from R151m and the cents a share last year and a final dividend was not declared.

Turnover fell to R146m (\$57.1m) from R151m and the interim trading surplus before depreciation and finance charges dropped to R28.1m from R30.1m. Pre-tax profits were R4.2m against R5.6m.

The directors said the cement division's capacity use was a low 52 per cent and they did not expect an increase in sales volumes during the second half First-half earnings per share have fallen to 12.3 cents from

butable to ordinary shareholders virtually unchanged. Turnover rose to R31.1m from R28.1m, operating income increased to R3.81m from R3.27m and pre-tax profits were R4.28m against R2.67m.

Return to profit at Israel Corporation

By Lynne Richardson in Tel Aviv

ISRAEL CORPORATION. controlled by Mr Shaul Eisenburg, showed a modest profit of US\$1.8m in 1985 after record losses of \$40m the previous

The turnround was attributed in part to a \$6.2m gain by the government-controlled Israel Oil Refineries, in which the corporation has a 27 per cent stake. This resulted from more favourable terms in Refineries' recently renegotiated contract with the state. However, a combination of narrower margins and increased tax left interim earnings attri-

R3.27m and pre-tax profits were R4.28m against R3.67m.

Earnings per share were 83.8 cents against 83.6 cents and the interim dividend has been raised to 36 cents from 31 cents. Last year earnings totalled 194.6 cents a share and a total dividend of 75 cents was declared.

Barclays Kenya 40% up

BARCLAYS BANK of Kenya, a of 19 per cent over 1984. subsidiary of the UK bank, has announced after-tax profits of than doubled its net profit for nearly £2.4m (\$3.5m) for the half-year to June, to first six months of the year, a NZ\$2.5m (US\$1.3m) from 40 per cent increase over the same period of last year, latest six months are just above auguring well for the Kenyan shareholders who subscribed to a public flotation this April.

The landmark issue was the cents a share has been declared.

a punic notation this April.

The landmark issue was the cents a share has been declared. largest on the Nairobir-stock Gross income was up from exchange in a decade and the NZ\$33.Im to NZ\$53.5m. The first by a commercial bank. Last bank predicts a satisfactory year Barclays declared record continuation for the rest of the pre-tax profits of £8.19m, a rise

JAPANESE COMPANY RESULTS

MITSU! OSK LINES Shipping			SANKYO Pharmaceuticals		
Year to Revenues (b)	Mar'86 Y 553 9.43 1.90 2.08	Mar 25 Y 548 10.31 6.02 7.04	Revenues (b) Pre-tax podits (bn)	Mer'86 Y 370 29.82 10.11 34.21	Mar 85 Y 357 28,86 9,86 33,62

curtites have been sold outside the United States of America and Japan. This anno appears as a matter of record only.

NEW ISSUE

Reuters, Sales Manager

28th July, 1986

GUINNESS FINANCE B.V.

(incorporated in The Netherlands and having its statutory seat in The Hague)

U.S.\$100,000,000

3 per cent. Guaranteed Stock Performance Exchange Linked Bonds due 1989

Unconditionally and irrevocably guaranteed by

GUINNESS PLC

Issue Price 100% per cent.

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Mitsui Trust International Limited

Prudential-Bache Securities International

Banque Bruxelles Lambert S.A.

Chuo Trust Asia Limited

Sumitomo Finance International

Tokai International Limited

Toyo Trust International Limited

HCA The Healthcare Company

Hospital Corporation of America

U.S.\$200,000,000

Multi-Currency

Euro-Commercial Paper Programme

Dealers

Chase Manhattan Limited

Salomon Brothers International Limited

Swiss Bank Corporation International Limited

This is not an offer for sale of notes

JM(%) Johnson Matthey

Growing financial strength highlights a year of strong recovery and solid achievement

Results for the year ended 31st March 1986

Profit before taxation £30.1m up 50% Money and metal borrowings £175m down 48% Profit after taxation £15.9m down 44% £21.6m up 79% Interest payable 14.7p up 71% Return on capital employed 14% up 27% Earnings per share 10% up 67% Dividend resumed at 2.5p. Return on equity

The Strategy

- Concentrate on advanced materials and precious metals technology
- Nurture embryonic businesses
- No sub-standard returns from mature

The Achievements

- □ Profits up
- Debt substantially reduced
- Returns on investment improved
- Company reorganised into four new worldwide divisions: Catalytic Systems

Materials Technology **Precious Metals** Colours and Printing

- Efficiency increased through rationalisation
- Queen's Award for Export plus four top awards for quality won by group companies

The Current Year

- Building on primary areas of expertise
- More rationalisation; major tasks to be largely completed during current year
- Satisfactory start to the year performance generally in line with expectations

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EUROMONEY PUBLICATIONS PLC

£4.60 an Ordinary Share

Merrill Lynch Capital Markets

Credit Suisse First Boston Limited

Scrimgeour Vickers & Co

Swiss Bank Corporation International Limited

Bank Julius Baer and Co. Ltd. Banque Internationale à Luxembourg S.A. Deutsche Bank Capital Markets Leu Securities Limited Nomura International Limited

Bank in Liechtenstein AG, Vaduz County Securities Limited Enskilda Securities Morgan Stanley International Pierson, Heldring & Pierson N.V. S.G. Warburg & Co. Ltd.

June 11, 1986

NEW ISSUE

Société Générale

These Notes having been sold, this announcement appears as a matter of record only.

JULY 1986

U.S. \$100,000,000

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Floating Rate Notes Due 1991

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(Incorporated with limited liability in the Federal Republic of Germany)

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Berliner Handels- und Frankfurter Bank

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County NatWest Capital Markets

Dresdner Bank Aktiengesellschaft

Merrill Lynch Capital Markets

EBC Amro Bank Limited

Girozentrale und Bank der österreichischen Sparkassen

Goldman Sachs International Corp.

Lloyds Merchant Bank Limited

Kredietbank International Group

Morgan Stanley International

Mitsubishi Trust International Limited

Morgan Guaranty Ltd **Nomura International Limited**

Orion Royal Bank Limited **Swiss Bank Corporation International Limited** Shearson Lehman Brothers International

Tokai International Limited

Taiyo Kobe International Limited

Union Bank of Switzerland (Securities) Limited

S.G. Warburg Securities

Westdeutsche Landesbank Girozentrale

Wood Gundy Inc.

INTL. COMPANIES and FINANCE

DnC issues novel \$300m floater

DEN NORSKE Creditbank, the largest Norwegian bank, took advantage of the recent strength of the floating-rate note market yesterday to launch a new type of bond: a 10-year FRN that it can convert into perpetual debt

debt.
The \$300m issue proved less popular than last week's crop of bank FRNs.
Den Norske Creditbank's deal

Den Norske Creatmank's deal imposed on the investor per-petual risk for the first 10 years while failing to compen-sate him with the level of sate him with the level of coupon, some dealers said. The 10-year coupon was fixed at six-month London interbank offered rate, which is higher than com-parable recent term issues but below the level on some recent recruetuals.

if it cannot obtain cheaper funding at that time.

Morgan Stanley said that to Den norske had chosen the structure because it is presently well-capitalised. Thus it is not recent demand for short-dated in immediate need of the primary capital it can obtain to wanted to take advantage of the current strength of the FRN market.

The 10-year par-priced bond can be transformed into a perpetual FRN on 30-45 days notice before any interest payment date, and a minimum of \$100m can be changed. The 10-year notes are callable at par after five years.

Fees total 25 basis points.

Yesterday the bond was quoted at discounts to issue price within this level, but dealers said this reflected the lead-managers' support. 10-year notes are callable at par after five years.

Fees total 25 basis points.

Yesterday the bond was quoted at discounts to issue price within this level, but dealers said this reflected the leadmanagers' support.

Dollar fixed-rate Eurobonds

perpetuals.

On the other hand, if converted into a perpetual, the issue will pay 15 basis points over Libor, which is rather more generous than recent issues. But Den Norske Creditbank is only likely to convert.

Union Bank of Switzerland also launched a SFr 150m bond for Fluor, the US company that provides services for energy-related industries. The seven-year bond has a coupon of 5½ per cent and is priced at par.

CBOE upsets with currency options plan

THE CHICAGO Board Options Enchange (CBOE) has aroused the emaity of rival US options markets by announcing that it plans to trade currency options contracts identical to those traded on the Philadelphia Stock Exchange.

Exchange.

The surprise move reopens a long-running debate in the US about the listing of identical products on different exchanges, seen by its critics—which have previously included the CBOE itself—as reducing liquidity on individual floors.

Less than a year age, the

reducing liquidity on individual floors.

Less than a year age, the CBOE attempted to enter the competition for a share in currency options business by hunching contracts in a slightly different form to these traded successfully elsewhere. Its version, intended to appeal to the Chicago trading community, can only be exercised at expiry. Options traded generally elsewhere can be exercised at any time up to expiry. The CBOE's attempt, however, was a flop, and it is now attempting to capture business by copying Philadelphia exchange and the Chicago Metentille Exchange, which trades options on currency futures, have the world's most successful traded currency options, though a large market also exists between bunks.

Mr Walter Anch, CBOE chairman, argues that "no single exchange has pockets deep enough" to accommodate the growth of the options market.

Other US exchanges, how-

market.
Other US exchanges, however, are already asking the CBOE to reconsider, arguing that it would be setting a pre-cedent with implications far beyond currency options, per-haps even encouraging other exchanges to list the CBOE's highly successful option on the Standard & Poor's 100

ing to point out that the re-percussions might be bigger than they anticipated," said Ms Susan Steele, European managing director of the Philadelphia exchange.

Swiss capital exports 39% up in quarter

By John Wicks in Zurich SWISS CAPITAL exports amounted to SFr 13.9bn in the second quarter. This was 39 per cent more than for the corresponding period of room

Part of the increase was Part of the increase was due to a change in reporting procedure, under which the date of Swiss National Bank approval for foreign borrowings is considered instead of the end of subscriptions. Even without this, however, growth would still have been of the order of 30 par cent would still have been of the order of 30 per cent. In respect of capital-market issues by foreign borrowers, the central bank says the volume showed an increase last mosth after having been under pressure in May from "growing uncertainty as to the development and interest and exchange raies, unattractive conditions for currency swaps and a considerable number of unplaced securities."

For the second quarter as a whole, as much as 36 per cent of all fareign borrowings approved by the central bank went to industrialised countries, as compared with 38 per cent in the same 1985 quarter.

\$500m Commerzbank paper programme COMMERZBANK, the West German bank, has appointed four dealers for a \$500m Euro-commercial paper programme. Our Euromarket staff writes.

The dealers are to be Citizent Investment Bank corp Investment Bank Morgan Guaranty, UB (Securities) and Commerciant's own London branch Bank, UBS

Japan to ease trust bank rules

BY YOKO SHIBATA IN TOKYO

JAPAN'S Ministry of Finance plans, from early next month, to permit trust banks to handle certain foreign currency money trusts and discretionary trusts. The move is aimed to help curb the sharp appreciation of the yen, by increasing demand for dollars.

At present, trust banks must obtain ministry approval for individual trust contracts. In future this will be permitted by way of blanket approval for each trust bank. However, the banks will be urged to use funds under the contracts only for portfolio and other indirect

vestments.
The ministry expects the deregulation to attract billion

dollars investment in foreign bonds and equities. The relaxa-tion will relate to foreign currency trusts from residents as well as yen and foreign currency trusts from non-residents.

Money trusts (Kinsen Shintaku) are accounts placed with trust banks for management, on which the banks pay the principal and dividend to investors in cash. Discretionary trusts (Kingi shintaku) involve the principal and dividend being paid in bonds or equities.

At present, trust banks are only allowed to place yen-based accounts, investment in foreign currency denominated

financial instruments. This means that they have to carry foreign currency risks. Trust banks have called for liberalisation of money trusts, in view of the recent trends in the financial markets,

Japan's new finance minister, Kiichi Miyazawa, last Friday instructed the ministry officials to work out measures to ease capital outflow in a bid to stem the yen's appreciation. Mr Miyazawa especially envisages allowing foreign exchange banks to convert yen funds into other currencies for the purchase of foreign bonds and stocks under certain limits to be set apart from the existing ceilings on

FT INTERNATIONAL BOND SERVICE

Observat Region. 10-2 92
Dearmark Region. 10-2 92
EDG 39-92
EDG 39-94
EDB 10-9-94
EDB 12-9-95
EDB 10-9-95
EDB 10-95
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OTHER STRANDITS

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GMAC 12% 97 AS ...
Landick. Wheir 13 89 AS ...
Canadian Pac. 10% 90 CS ...
Canadian Fin. 12% 95 CS ...
GMAC 94, 92 CS ...
GMAC 94, 92 CS ...
Rogel Tyrato; 16% 90 CS ...
Con-Colt. F. C. 27 90 RS ...
-Uniterer Cap. 17% 89 RS ...
-Uniterer Cap. 17% 89 RS ...

Bank; First Chicago; tion; Hambrus Bank; International; LTCB

FINANCIAL TIMES SURVEY

Tuesday July 29 1986

Coatings

High technology and powerful market forces are forcing major global and national realignment on the coatings industry. But clear leaders are emerging as the industry settles down after a series of strategic acquisitions by the giants.

Race for global market

THE SHAPE of the world's coatings industry is becoming coatings industry is becoming much clearer this year as the shake-up that has been going on vigorously since 1984 has begun to slow. The strategy of the major paintmakers has emerged and the rest of the decade will see them consolidating and fighting for a share in several key, profitable markets.

More acquisitions are likely, but the pace will probably be more measured—and the prices more measured—and the prices more realistic. As Mr Paul Lever, new managing director of the Reed subsidiary Crown Paints puts it: "We will always be on the look-out for suitable companies to buy, but not at silly prices."

This is a clear indication that This is a clear indication that Crown believes that the Dutch paint glant AKZO paid over the odds for the British company. Blundell-Permoglaze at the end of last year. Crown wanted the business badly to help it close the gap on ICI in decorative paint markets but was outbid by AKZO, which also bought the Sandtex brand of outdoor paints from Blue Circle this year.

from Blue Circle this year.

Mr Lever's view is not sour grapes: most of the rest of the industry also believes that AKZO paid too much. However, the purchase was of considerable lone-term stategic signifithe purchase was of considerable long-term stategic significance because it got AKZO into UK paint markets in a big way. The table of recent acquisitions shows how the big paint

companies have been building their armies of companies brands and coatings tech-nologies in recent years. One result is that six of the 10 largest paintmakers in Britain are now owned by foreign com-

IAN HAMILTON FAZEY

table, compiled this month from UK sales figures by the Paintmakers' Association, puts ICI first, Crown second and the Courtaulds subsidiary, International Paint, third. Next comes Berger, which is owned by the German chemicals group Hoechst, and then Donald Macpherson, which was bought by Tikkurila, part of the Finland's Kemira Oy, in 1984.

Sixth comes the one remainsixth comes the one remaining British-owned company in the top 10—Kalon, which went public last year by a reverse takeover into the industrial coatings specialist Leyland Paints, The following places are taken by AKZO, the Swedish group Becker, the other Getman giant BASF and, in 10th place, PPG of the US. 10th place. PPG of the US.

On the worldwide

panies.
The latest British league

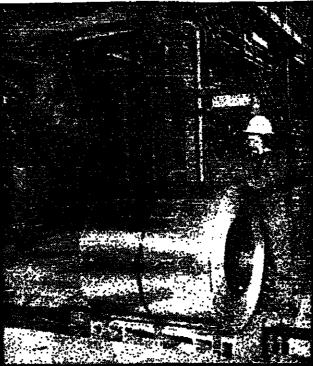
BASF is now in second place behind PPG, the similarly acquisitive US giant, ICI, which has also been buying, went into third place ahead of Hoechst, but there is a clear gap between the three leaders—PPG, BASF and ICI—and the rest. These are the three groups which look as though they will dominate the world paint industry in volume terms in the coming Nearly all the leading com-panies have adopted a similar strategy. Volume and cash flow come from decorative paints for retail and trade markets, while good profits are obtained from trying to dominate small, speci-

alised industrial market seg-ments with high-technology coat-Even the giants cannot cover Even the giants cannot cover all segments, however, and they concentrate on particular niches. For example, International Paint leads the world in marine coatings, while Macpherson dominates the UK market for the heavy paints that go on agricultural construction and earth-moving machinery.

on agricultural, construction and earth-moving machinety.

Some technologies such as coil coating work only because of high technology. Coils of steel or aluminium are unrolled, passed down a paint line, through an oven to cure the coating in minutes, and then rerolled.

The coatings are so tough that



aging the paint. Casings for domestic appliances and cladding for buildings are made increasingly from coil-coated material, eliminating paint shops and on-site painting. Growth has therefore been con-

sistent, even through the reces-sion. Last year British Steel made 250,000 tonnes of strip

The technology requires the technical depth and willingness to invest that only the paint giants can afford, although in some niches a dedicated medium-sized or small company can hold its own if it is good enough. The emergence of the Byode group in powder coatings in the UK is an example.

markets are becoming fit only for giants with high technology back-up. While smaller com-panies are surviving in local or specialised intens, medium-sized companies are being squeezed to death or gobbled up by the giants. Meanwhile, most of the big companies are having to reorganise internally to cope with new portfolios. Some are well ahead and will probably steal a march on their competi-

Swedish through an oven to cure the other coating in minutes, and then reand, in rolled.

The coatings are so tough that scene, the metal can be formed into worst and should be able to



problem may be coping with indigestion after buying a lesser giant, Inmont, from United Technologies last year.

Corporate cultures clashed. The US-or Inmont was attuned to a quick-return "can-do" outlook, while the new German owner is more concerned with quality and its effect on long-term market share. Marrying the two cul-tures to produce the synergy

Сотралу	Acquired	Date	Company	Acquired	Date
AKZO (Netherlands)	Wyandotte (US) Lavis (Belgium)	1983 1 984	Hoechst (W. Germany)	Renault Paints (France)	1986+
	Blundell-Permoglaze (UK) Blue Circle Sandtex (UK) Procolor (Spain)	1985 1986 1986	ICI (UK)	Holdens (UK) Valentine (France) Part Ault and Wibourg (UK)	1762 1784 1985
BASF (W. Gentusny)	Yalentine (UK) Mobil Coatings (Netherlands)	1985 1985		HGW Paints (Ireland) Knopp (W. Germany)	1935 1986
Becker (Sweden)	inment (US) Goodlass Wall (UK) Dufay Yanguard (UK) Trading Merger with Alore (Sweden)	1985 1984 1984 1986	Kalon (UK) PPG (US)	Leyland Paint (UK) Ciplsa (Spain) (Yi (Italy) Part Wulfing (W. Germany) Part International Paint (UK)	1985 1982 1984 1984 1985
Crown (UK)	Frazee (US)	1984	Tikkurila (Finland)	MacPherson (UK)	1984

It also wants to reduce over-

dependence on its UK profit base and an imbalanced geographical spread that sees

it weak in the US and Japan. In Europe it intends to hoist

its market shares nearer UK levels.

This will be partly through acquisition—it is looking for suitable companies in Italy and Spain to add to subsidiaries in France and Germany. But it is

also going into European con-sumer markets directly with

new decorative paint technology such as solid emulsion, which

STRATEGIC ACQUISITIONS BY MAJOR PAINTMAKERS

A coil of zinc-coated steel strip leaving the hot dip galvanising line at British Steel Corporation's Shotton Works, Deeside, Clwyd. Last year BSC produced 250,000 tonnes of strip worth £120m

BASF wants will take timeperhaps two years even to adjust to how to do it,

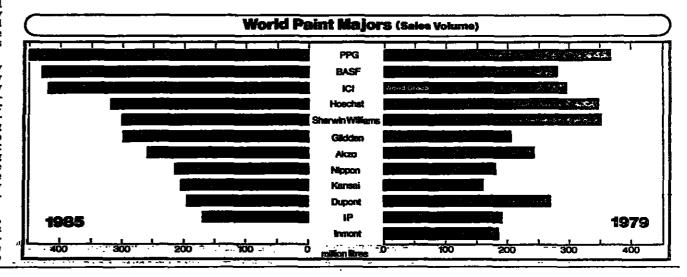
ICI is therefore very pleased that it embarked on its internal reorganisation more than 18 months ago. This saw successful managers promoted or moved to supervise key business areas. The people involved are emerging as heavy-weights in the industry and their impact on markets is likely to be considerable. The company is deliberately setting out to dominate its core

is enjoying great success.

businesses of decorative paint, vehicle repair, new cars, and segments such as coil coating, profitability has crashed, the less efficient and those without rich parents have suffered.

giants have invested their way out—putting in plant that has cut manpower and unit costs while raising output. Smaller companies have seen returns on sales plunge to as low as 1 or 2 per cent, and pres-sures will increase further. There is a breathing space this year as the fail in oil prices cut the cost of some raw materials. But this will be a temporary relief, so rationalisa-

The trends look set, however Big companies will get larger at the expense of medium-sized ones; coatings technology will continue to rise; the most sophisticated paints will become Competition has affected global products; and in the ma prices, so that all paint companies have had margins will get better with consequer squeezed by rising costs. As effects on design and quality. global products; and in the mar-ketplace coatings and colours will get better with consequent



Consistently meeting industry's needs.

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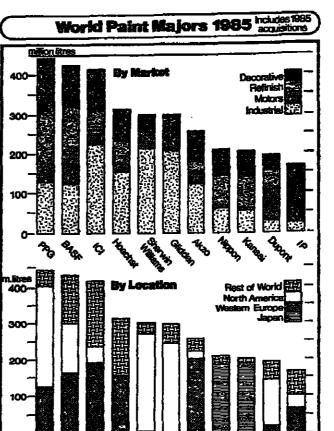
Zintec. The electro-zinc coated steel that adds extra corrosion resistance in many applications, including domestic appliances, cars and trucks.

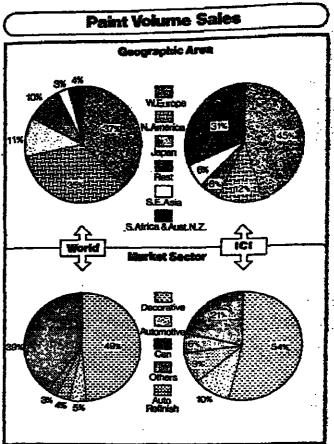
Terne. The tin/lead coated steel with wide applications in the automotive, electrical and component industries.

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BSC STRIP MILL PRODUCTS: THE STEELS FOR INDUSTRY

COATINGS 2





Shaking up the old order

WORLD LEAGUE

THE SHAPE of the world's paint industry is beginning to emerge after several years of fierce competition. One trend is now firmly established—paint is becoming increasingly a global product, particularly in high

technology markets.
Globalisation among customers has been a major factor in spurring this trend. The most lucrative, high-volume markets are those for cars and cans. It is these that have seen multi-national manufacturers moving towards standardised world pro-ducts that can be produced just

as easily in Brazil as Belgium.

Inevitably, they want global consistency of paint and coatings, so it is the global paint company that has the best chance of making the sale. This

the US company PPG as the world's biggest paintmaker, producing about 370m litres. It was followed closely by was followed closely by another US company, Sherwin Williams, and the German group Hoechst, which owns Berger.

In 1985, PPG was still the biggest, with about 450m litres, but Hoechst and Sherwin Williams had fallen back towinams and raisen back towards the 300m-litre mark.
Moreover, they had slid down
the league table into fourth and
fifth place respectively as their
closest pursuers made impressive advances.

Now the new number two is

Now, the new number two is the other German giant, BASF, with 480m litres, bothy pursued by ICI with just under 420m, so the three leaders are now considerably ahead of the rest of the field of the field.

The reason why BASF shot The reason why BASF shot up the league was that it bought Inmoot, another US paint company, from United Technologies for £1hn. The purchase also made BASF the biggest inkmaker in the world, so it was not just about paint.

However, Inmont is a signific-

tauld subsidiary, International

With Inmont now part of BASF, the world's first division numbers 11 rather than the 12 it did seven years ago. Those gaining in total volume and share have been PPG, BASF, ICI the US company Clidden ICI, the US company Glidden, the Dutch market leader AKZO, and the Japanese companies, Nippon and Kansai.

Those going down are Hoechst, Sherwin Williams, Du Pont and International Paint.

It would be wrong to think, however, that these changes are necessarily the result of superior or inferior marketing, technology and management. In most cases, the change in position was due to acquisitions, divestments, or portfolio changes or swaps.

the motors business of Ger-many's Wulfing from its Swedish owner Wilhelm Becker, as well as the 50m litres it acquired with the Italian paint company IVI in 1984. It had already bought Cipisa (2m litres) in Spain two

years before.
International Paint, which is now at the bottom of the big league—although still a world giant—does not see itself as having lost in this situation, but gained. It has abandoned a service where it was an also market where it was an also-ran and which demanded more

ran and which demanded more group management time and resources than it was worth. It has now rationalised most of its efforts into marine and protective paints, and powder coatings, operating in both main market areas on a global basis. In marine, it has become the world leader, admittedly in a falling market, but has so

cent) and the rest of the world (28 per cent). When geographical spread is taken into account it soon becomes clear that four of the hig 11 are hardly global com-

panies at all. Sherwin Williams and Glidden have nearly all of their volume in North America and a similar situation effects Nippon and Kansa; in Japan. Du Pont is also overwhelm-ingly US-based and even weaker

in Europe than it is, compara-tively speaking, in the rest of the world, while the Dutch giant AKZO has nearly 80 per cent small campany to deminate that of its business in Europe,

The remainder are the four biggest paint companies and of these BASF has the most even spread throughout the three

company that has the best chance of making the sale. This has encouraged several paint giants to ensure that they can operate much further afield than their traditional home markets. Much of what has happened in the last seven years can be explained in these terms.

The effect of recession, which has added to pressures and fightened profit margins, has also been intense. The best-organised paint companies, with well-thought out business strategies and the greatest depth of resources, appear to be triumphing, shaking up the old order.

In 1979 that old order had the US company PPG as the world's biggest paintmaker, in most cases, the change in position was due to acquisitions, divestments, or portfolio changes or swaps.

Or portfolio purchase of the US-based inmont. PPG, by buying into the US with no wish to operate elsewhere other than through licensing agreements on its electrocoating paint technology for the car industry. But now it has started buying into the condition of its business in the most cases, the change in position acquisitions, divestments, or portfolio purchase of the US-based inmont. PPG, by buying into the US with no wish to operate elsewhere other than through licensing agreements on its electrocoating paint technology for the car industry. But now it has started buying into the conditions, and the use of its business in North America.

In Britain, for example, seemed through to the US-based inmont. PPG, by buying the two wish to operate elsewhere other than through licensing agreements on its electrocoating paint technology for the car industry. But now it has started buying into the operate elsewhere other than through licensing agreements on its electrocoating paint to operate elsewhere other than through for per cent of its business in North America.

ICI's imbalance is in having the own small a portion of its business with the per cent of its output the through for per cent of its output the main in licensees or acquiring almost evenly between Europe and the rest of the world, the latter

This means that six of the big 11 are only regionally, if not nationally based. In the longterm this may affect their ability to sell products and technology on a global basis. It is PPG, BASF, ICI and though at much lower volumes
—International Paint that have

--International Paint that have done most to spread themselves universally.

Even this will not ensure sales, ICI, for example, has had to license its new water-based paint technology for cars to PPG and Du Pont in order to get it into US markets. Going in directly would have been prohibitively expensive and might well have sparked off intercontinental corporate wartinental corporate war-

Geographical segmentation, Geographical segmentation, however, does not go far enough in assessing strength and weakness. What has to be considered too is the portfolio of markets and technologies possessed by each of the giants—the spread between decorative, motors, vehicle repair and general industrial paints.

Decorative paint tends to be whether the matter than decide to foll example and brother them.

ant paint company in the world Generally, the global market a high volume, medium tech-league. It was 10th largest in splits into three geographical mology commodity in contrast 1979, with similar output—more segments—Europe (37 per to the coatings made for the than 180m litres—to the Cour-cent), North America (35 per other segments. These are high technology, high added value products on which premium prices can be achieved, despite the industry's continuous about low pricing.

The breakdown between the segments is that decorative paint accounts for 49 per cent of world markets, cars 5 per cent. The industrial segment is made up of very many difmarket niche worldwide.

One way for the giants to grow is to buy such companies
—so that they buy a niche.
However, this only makes sense
if the niche and the technology already has in its portfolio. When the structure of each

of the big 11 is analysed by market, International Paint, with its concentration on marine and powder technology, emerges as the world's biggest industrial paintmaker, followed by PPG. Next come BASF, ICI, Hoechst, Glidden and AKZO at around the same size each.

PPG and BASF then have the largest wolume in the

the largest volume in motors market, with the Japanese paintmakers third and fourth. BASF and Dupont lead in vehicle repair.

When it comes to decorative

paint, however, ICI has the edge, with Sherwin Williams and Glidden close behind but well ahead of Hoechst in fourth place. Since these are geographically-based markets, none is a threat to the others.

threat to the others.

Is this picture now likely to change much? Probably, the shape of the first division of the world paint league is now established. Growth of the major companies will be by acquisition of medium-sized businesses or market segments in individual companies, although monopoly and antitrust legislation will probably mean each doing it abroad rather than at home.

A lot may also depend on

A lot may also depend on whether the regionally and nationally based companies such as AKZO, Nippon and Kansai — which have a high proportion of their business in high technology industrial paints and automotive paints, rather than decorative ones—decide to follow the PPG example and branch out across the centiments.

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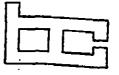
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At ICI Autocolor we have 2 million caraccidents every year.

To help our customers survive and prosper, we offer them a lot more than products.

They are served by the best commercial and technical representatives and demonstrators in Britain, and colour-matching resources which no competitor can match for speed or comprehensiveness. This force is backed by a marketing team that's hungry to know about the opportunities and problems facing the industry.

That hunger has borne nourishing fruit for ICI Autocolor customers: training schemes for staff ranging from the complete novice to the paintshop manager, help and advice in buying the equipment needed to keep up with developments in the industry, systems and programmes to keep the paintshop running smoothly and profitably.

The results have fully justified our belief that the way to grow our business is to grow our customers' businesses.

ICI Autocolor are taking this same belief into their successful assault on the commercial vehicle refinishing market, and into the car and commercial markets across Europe.

After all, the fact that we've been brand leaders in the UK for many years is no accident.





Bread and butter business

DECORATIVE PAINT

MR PHILIP HANSCOMBE, who heads ICI's decorative and overseas business areas, sums up the effect of the major change in the retailing of paint in the past few years. "The high street as a place for selling paint is not ood news at the moment," he

says. Where shops selling decorators' supplies flourished, many dedicated to the products of one dedicated to the products of one paintmaker, they are failing now. This is the age of retail "sheds," the Do-It-Yourself (DIY) superstores which sell everything for the handyman. They do not need a high street frontage, but acres of space for car parking outside their front doors.

Places like W. H. Smith's Do-Places like W. H. Smith's Do-th-All centres vie with B and Q to attract the retail customer. The cans of paint on the shelves will offer a limited choice—two "branded" ranges, if that, and an array of "own-label" paints. It is symptomatic of what has happened to decurative paint in TIK markets.

Decorative paint is the biggest market segment the industry has. It is its bread and butter business. It is divided almost equally between DIY and trade, the latter consisting of professional peinters and con-

tractors.
The shape of the segment, and the market forces that govern it, are causing some concern in the industry. Decora-tive paint in Britain used to be dominated by four companies ICI, Crown, Berger and Mac-pherson, the last of which make paint for Woolworths stores.

What has happened is that ICI and Crown have now grown rapidly at the expense of Berger and Macpherson. Between them, the two leaders now have

them, the two leaders now have 51 per cent of the decorative market, with ICI selling twice as much as Crown—34 per cent to Crown's 17.

Mr Eric Thurston, who heads Crown's decorative division, says that what counts now in this market is the total relationship between pointmaker and ship between paintmaker and retailer. The retailer buys in high volumes and has more power than ever before. He wants security of supply, guaranteed quality, good prices, innovation, and the knowledge that the manufacturers will

۲.

general manager for the UK decorative market, puts media spending in support of its brand Dulux at £9m. Crown's media spend is between £5m and £6m. Berger has now withdrawn from high profile media promotion altogether, an admission that it is out of this particular race.

that it is out of this particular race.

Mr Philip Medcalf, UK marketing director of Berger, treats this view calmly. Berger is playing the game differently now. The company has just come through several years of turmoil trying to disentangle itself from a centralised, top-heavy bureaucracy that had seen it lose the advantages of having invented vinyl silk and non-drip gloss. Hoechst, its German parent, has supported it through this period of continuous losses even though the reorganisation has cost more in time and money than was first envisaged. In charge is Mr Bill Collins, whose managerial skills are highly respected in the industry.

respected in the industry.

Mr Medcalf, who looks a lot more relaxed and cheerful these days than he did a year ago, says: "We had an upsurge last year in the second half as the reorganisation of the previous year took effect — and had a 2 per cent increase in market share in the DIY busi-

What Berger claims is a branded share of decorative markets — retail plus trade —
of 12 per cent. It expects
market fragmentation into
specialised products for specific jobs like painting or treating wood to benefit the company because it owns Cuprinol. "Berger Cuprinol is our major brand now Magicote has de-clined," Mr Medcalf says.

He adds: "It would take us £10m a year of media spending for five years to get back into brand leadership and that is not realistic. But it was very important to us to achieve eco-nomies of scale. We have done so by making own-label paints for retail markets."

television advertising. He expects to stay that way unless the close. The joint factory as a unit crown moves heavily into ownlabel paints, too. Many in the industry believe this is inevitable.

intense struggle for the 30 per cent of the market that is left

Raion achieved 5.5 per cent profit on £80m of sales last year, well above the industry's average, despite the tightness of margins generally. All of its competitors are watching carefully.

Among them are Petrofina's Sigma Coatings and the C. H. Industrial's subsidiary Cementone-Beaver. At a time when the industry is suffering from the company of these transformations. over-capacity, these two com-panies astonished many of their competitors by building a jointly owned, £8m factory at Buckingham this year.

Stacks of own-label cans in the warehouse testify to what some of its throughput is. The some of its throughput is. The two companies operate in com-plementary parts of the decora-tive market—Sigma supplying retailers and Comentone-Beaver mainly concerned with trade painters. Since they have similar volumes of output they have been able to share facilities equitably.

The logic behind the factory is explained by Mr John Cun-The logic beaming the factory is explained by Mr John Cunningham, the director in charge. Its capacity is 15m litres of paint a year. Each company is was doing 5m litres in their old, outmoded factories. Each company in the UK of the Dutch giant Akzo. Its Sikkens brands needed to expand, but could not justify building to a size that would provide a realistic economy of scale.

Their joint investment enables them to make six batches of 7,500 litres of paint per day. Sigma's old plant did two a day of 4,500 litres each and it took two-and-a-half hours to mix the materials. Mixing is to mix the materials. Mixing is to mix the materials. Mixing is a year and rising.

Moreover the new plant

a year and rising.

Moreover, the new plant
runs with a total complement Indeed, own-labels have given

Indeed, own-labels have given

Berger another 7 per cent of 67 people. Sigma used to
decorative markets. This, Mr employ 45 on a nearby BuckingMedcalf says, makes Berger ham site, while Cementonebigger than Crown, without Beaver had 55 in a factory in
having to spend millions on Leeds which it was able to

able. separately. The overall result
As things stand, there is an is that Sigma has been able to end a run of losses at Bucking-ham while Cementone-Beaver when the shares of ICI, Crown has increased greatly its com-and Berger are added together. petitiveness. The investment Emergent—and increasingly means that the market is likely

This was founded by Mr Leslie
Silver in 1947 and has grown
rapidly in recent years by
acquisition, going public by a
reverse takeover into a quoted
company, Leyland Paint, in
1984.

Kalon achieved 5.5 per cent
to hear a lot more from mese
two companies.

The fact of their co-operation
also testifies to another trend
in decorative markets.—an
increasing differentiation between the retail and trade
segments. There are two
different markets. It is a salutary lesson we have learned." says Mr Eric Thurston of Crown. "You sell to the con-

> Mr Medcalf says that the trade has become much more professional and efficient and demands a combination of quality assurance and good distribution. Berger also discovered that one-third of the DIY shed sales of its mixing and thring system, a technological advance which uses Hoechst colourants, were being bought by the trade. It has now equipped trade distributors with it.

"In the trade

"In the trade market, absolute market share is less important than the number and quality of your distributorships," he says.

The main competition in the trade sector now appears to be between ICI, Crown, Berger, Johnstone's, Manders, Kalon, Valspar (part of Goodlas Wall, which is now owned by the Swedish Becker group), Cementone Beaver and one other—they are all worried about the entry into the UK of the Dutch giant Akzo. Its Sikkens brands lead in the Netherlands, along with Sigma.

that Crown also tried to buy Sandtex—a brand feared even by ICI with its Weathershield paints—but Crown refused to

Is so much competition a good ring? It has certainly kept prices down—but to the point where many paint companies struggle to make profits at all, with medium-sized businesses squeezed more and more. This threatens jobs and promotes

However, the benefits to quality, even at the commodity end of things, have been immense, not least because of the standards set by the market leader, which put everyone on their mettle.





Mr Philip Hauscombe, head of ICFs decorative and overseas business areas: the High Street is no longer a good place for selling decorative paint. Right: Mr Roger Hatfield, Postans' director: jewel in the crown is Syntha Pulvin

Strong world-wide growth of market sector

POWDER

BRIGHTLY COLOURED window frames are one of the striking features of the new, modern buildings of the Isle of Dogs in the London dock-lands and the new town of Mil-

ton Keynes.

They are symptomatic not so much of fashion as of new tech-nology. Before powder coatings it was impossible to achieve anything like the same effect. Because of this, they also mark the remarkable emer-gence of the Birmingham-based

Evode group — better known for adhesives — in UK paint markets. Evode has owned Postans since 1981, and in 1984 added Worrall's powders to its

Worrall's makes powder cont-ings for industrial use, and so ings for industrial use, and so does Postans, but the jewel in the latter's crown is a patented, premium-priced polyester coating called Syntha Pulvin. This accounts for a third of its powder sales, and it is this that is on the window frames of the new buildings.

with a second with a second of the

base; and International, the giant, going for a global

The UK home market is about The UK home market is about 11,000 tonnes of powder at present. The two Evode companies have 2,500 tonnes of this between them, and they lead. International are second and Mr Hatfield says that Macpherson and Becker are joint third. After that come Croda, Sonneborn and Rieck, and Manders. Then 13 smaller manufacturers. International's perspective is

ing called Syntha Pulvin. This accounts for a third of its powders ales, and it is that is that is on the window frames of the new buildings.

Mr Roger Hatfield, Postans' director and general manager, says: "About 80 per cent of architectural aluminium is powder-coated, and 85-90 per cent in the rest of the worldwide investment architectural aluminium is to 13,000 and rising.

International's perspective is wider. It predicts a world market of 200,000 tonnes in 1987-88, with 40 per cent in the US, 35 per cent in Europe and 25 per cent in the rest of the world. By then, its worldwide investment programme will see its present appears of building by coincidence—Birmingham, are taking a lot of notice of smalle painting to be accomplished without emission of the Evode Group are none. The paint is a mix-around them.

Pulvin. The other 20 per cent of the market segment is ano-dised aluminium, and they are struggling."

Evode is and is not Britain's leading powder coating manufacturer. It does lead in home markets, but the honour of being the biggest UK-owned powder paintmaker goes to International Paint. The two companies present an interesting contrast in strategy—Evode, the medium-sized paintmaker, growing from a small home base; and International, the

the market segment is growing worldwide by about 15 per cent a year. In the UK, the figure is more in the 10-12 per cent range, but in the US growth is spursing at 30-40 per cent annually. A combination of cost-savings from using the technology and environmental pressures are forcing the

In Britain, where there is less concern about the environ-ment than in North America, Scandinavia or West Germany, commercial advantage alone is

ture of pigment and resins in powder form. When sprayed on to a heated surface, they melt, react and disperse, curing to an even coating that can be made as thick as required, according to need.

Spraying is through an electrostatic field, so that particles pick up charge and then earth themselves on the object to be

pace up charge and then tenth themselves on the object to be coated. Any powder that misses falls to the bottom of the booth, from where it can be recovered and recycled.

Getting into powder manufac-ture is not easy. Whereas almost anyone can make rudimentary wet paint on a stick-and-bucket basis, powder requires deep understanding of resin systems and carefully automated produc-

and carefully automated production.

Once mixed, the formulation cannot be adjusted—global consistency of a particular shade of green can only be guaranteed for year after year by people who know what they are doing from the outset. That window frames coated in Syntha Pulvin have an agreement certificate for up to 40 years, coupled with the fact that Postans have never had a call on their warranty in 11 years of use. speaks for itself.

However, Evode's emergence also tells another tale—how a medium-sized company can survive in today's high technology markets. While other medium-sized paintmakers are being squeezed to death, Postans and Worrall's are fulfilling Evode financial performance standards that Mr Hetfeld says are "well"

financial performance standards that, Mr Haifield says, are "well in excess of those of the industry."

The two companies account for about 13 per cent of Evode's turnover at present, he says, with Postans doing about 52m on its own. Assets are being turned over seven times by Postans and four times by Worrall's: amazing figures compared with industry averages of under 2.5.

"In an industry that is declining, we are growing at 12 per cent a year," Mr Hatfield says. Yet, 15 years ago his company, Postans, had less than 1 per cent of industrial surface coatings in the UK and was just another small local paintmaker. another small, local paintmaker.
Significantly, Postans will be finally abandoning decorative paint markets later this year. Meanwhile, it will then be well on the way to becoming international. It has gone into a joint venture with the Dexter Corporation of the US to manufacture approach continue.

There's very little it doesn't cover.

the Berger product range, or the size of way with the unique Imp and Berger Britain.

To many the name Berger is synonymous with paint. (And quite rightly so, as Berger have been producing top quality paints for no less than 200 years).

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They have become leaders by their commitment to satisfying the changing needs of customers.

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Today's markets have made ease of application and effectiveness of protection prime considerations when improving the excellence of products. Berger Britain is dedicated in its pursuance of these aims.

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You'll find Berger products on roads and floors.

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BERGER COVERS INTERIORS Arthur Johnson market the widest range of quality woodchip wallcoverings and linings available in

the UK. New plant recently installed means that they can now offer a large range of white embossed and single ink textured wallcoverings. BERGER COVERS INDUSTRY

Berger Industrial Coatings develops and manufactures high-tech surface coatings to protect anything from a car to an oil rig against the elements, corrosion and fire.

Berger Elastomers market two specialised coatings which are corrosion inhibiting and anti-abrasive for Aerospace applications. These meet the high flexibility required in military airframe movement.

Resinous Chemicals are leaders in resin technology, a building block in surface coatings.

BERGER COVERS VEHICLES Car manufacturers expect outstanding performance from paint, both to help sell their cars and to protect them.

That's why Berger are the largest supplier of solid colour topcoats in the U.K., and through advanced technology, leaders in the vehicle refinishing market.

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BERGER BRITAIN

A major shake up in textured coating

Some pundits would have us believe that only large internat-ional organisations have the ional organisations have the resources to develop new technology in the coatings industry. This is not necessarily the case, particularly when you have a small highly efficient group of companies who are determined to stay ahead of the competition and be both marketing and technologically orientated. Probably one of the finest examples of this is the Wallcote Group are the market leaders in this highly specialised field. For many years, the Wallcote Group in the subject of an intensive research, deve-

of an intensive research, development and assessment pro-gramme. As a result, Walkote now has superior protective qual-ities, longer life and an outstanding range of colours. It is probably also significant that the Wallcote Group is the only nat-ional organisation in this particu-lar field to possess their own manufacturing plant. Plus, within the group, their own sales, marketing and applications divisions.

This policy of combining inhouse facilities with carefully



allows for considerable flexibility in each of the regional sales centres. The Wallcote Group are also unique in that product application is carried out only by fully trained, full-time employees of the group under skilled technical supervision.

This policy of developing and maintaining totally internal manufacturing, marketing and application facilities has paid off to such an extent that there has been outstanding year-on-year growth for the Group, resulting in an annual turnover of many millions — a level which in past years would not have been thought possible in this specialist market sector. Wallcote therefore not only lead the market but increase market extent extent that the ears to the increase and that as the general public see its advantages, the mame Wallcote has been outstanding year-on-year growth for the Group, resulting in an annual turnover of many millions — a level which in past years the name wallcote has been outstanding year-on-year growth for the Group, resulting in an annual turnover of many millions — a level which in past years the name wallcote has been outstanding year-on-year growth for the Group, resulting in an annual turnover of many millions — a level which in past years the name wallcote has been outstanding year-on-year growth for the Group, resulting in an annual turnover of many the past few pa

market sector. Wallcote therefore not only lead the market but
pioneer market growth, extending the whole industry into new
roles of application in the commercial, Government, Local Authority and private domestic
sectors.

The basic reason for Wallcote's

cularly open to the ravages of
outstanding success is quite sim
commercial or individual, this
By these means, it is Wallcote's
declared aim to continue to lead
to enthante and pioneer the market as Britain's foremost company in this
field.

The Wallcote Group can be
to the new and old buildings,
contacted at the London Coating
especially those which are particularly open to the ravages of
phone 01-202 0933.

tige appearance needs to be maintained. A typical example is that of the Tower Garage which stands at the junction of Finchley Road and Hendon Way. This was recently refurbished by Esso. Because of the historic value and public interest of the building. Esso chose to reconstruct the Esso chose to reconstruct the famous clock tower. This has been a landmark for hundreds of thousands of motorists for many years. Esso, who had previously specified Wallcote for innumerable of their premises, specified Wallcote to treat and protect the reconstructed tower. In order that the tower could be clearly that the tower could be clearly visible from all angles to sustain continuity of external appear-ance, Esso also commissioned the London Coating Company to treat the flank wall of the block of flats immediately adjoining the

The result, which cannot be missed by anyone using this route is a clear, bright fascia which keeps its attractive, distincitve appearance. No such effect could have been achieved and sustained by conventional means.
For much the same purposes

Haunted by predators and slim profits

MEDIUM-SIZED COMPANIES

IT IS the medium-sized paint company which is most at risk of failure or takeover under the global and national pressures

mow affecting the industry.

There are 180 paint companies in the UK, the vast majority of which have yearly sales of under £20m. While the bulk of the industry is made up of small companies turning over less than £5m a year, there is a substantial wedge of 30 to 40

Mr Louis McCulloch, there are six principal reasons for this.

1. Sluggish demand and accelerating change in structure in many UK markets.

2. Closure of many export mar-kets through tariff barriers and local manufacture in Third World and other less-developed countries. Over-capacity of production.
 Raw material price increases significantly greater than over-all norms in industry as a

pany to find that within a year his new employer had been taken over by his old one and he was back in the managerial slot he thought he had ad-vanced from and facing rationalisation.

Mr Hornsby knows a lot about the squeeze between rising costs and low prices because he used to run Blundell-Permoglaze. He tried medium-sized businesses.

Pressure on them is increasing. According to two experienced managers in the industry. Mr Tony Hornsby and Mr Louis McCulloch, there are principal reasons for this.

Blundell-Permoglaze was out on a limb, suffered severe internal disagreements, and tried to retreat. In the ensuing turmoil—which led to poor financial results—it was eventually bought by the Dutch giant, AKZO for £15.6m, beating off a strong shallenge by ing off a strong challenge by Crown Paints.
In the last few months both

whole.

5. The growth of powerful purchasts, have joined forces to chasers, and the consequent produce a comprehensive survey of Britain's paint industry. Since individual companies in the industry are usually very national conglomerates—stock as ICI, BASF, Hoechst, AKZO, and market share for fear of principles and Courtsulds—giving something away to which enables them to support competitors, this independent consultants, have joined forces to this companies survive in highly specialised in the industry are usually very national conglomerates—such as ICI, BASF, Hoechst, AKZO, giving something away to which enables them to support contributed to an increase in time for some, but if productivity of 7.5 per cent but this was largely due to good risk among the largest rises, it will not amount to make ting skill but on policial or marketing skill but on ability to resist takeover by which enables them to support contributed to an increase in time for some, but if productivity of 7.5 per cent but this was largely due to good risks among the largest rises, it will not amount to molegical or marketing skill but on ability to resist takeover by which enables them to support contributed to an increase in time for some, but if productivity of 7.5 per cent but this was largely due to good risks.

According to Mr Hornsby and Britain's Paint Industry, by Mr McCulloch, numbers employed the mailler companies survive in highly specialised niche marketing. Survival then depends not so much on technative productivity of 7.5 per cent but it is was largely due to good risks.

According to Mr Hornsby and Mr McCulloch, numbers employed the mailler form and the industry have medium-sized and amaller companies in thighly specialised niche marketing. Survival then depends not so much on technative productivity of 7.5 per cent but it is was largely due to good risks, it is marketing. Survival then depends not so much on technative productivity of 7.5 per cent but it is marketing. Survival then depends not so much on technative productiv men, now independent consul-tants, have joined forces to

result.

Mr Hornsby and Mr McCulloch are both casualties of the shuffling and displacements that have affected the industry recently.

Mr McCulloch left one company to find that within a year his new employer had been taken over by his old one and heaves both in the years and higger national companies and higger national companies

and bigger national companies have a commercial level of accredation with large-volume, high-technology customers. In any event, medium-sized and smaller customers are "unable to keep up with the game in smaller customers are "unable to keep up with the game in research and development spending." Mr Knight says.

ICI sees this sort of pressure forcing increasing numbers of smaller and medium-sized companies out of high technology into commodity markets such

panies out or high technology into commodity markets, such as those for the more simple decorative paints. Prices here are likely to be the most competitive and, with rising costs of raw materials, profits will be someoned tighter. Squeezed tighter.
This, in turn, will make it even more difficult for other

in sales overall of 3.3 per cent.
What put the squeeze on profits were cost increases of 4.6 per cent against price increases of only 3.6 per cent, although the review says that better prices started to be achieved towards

The effect of these pressures Paintmakers' new statistics is illustrated sharply by the confirm that employment is annual statistical review of the continuing to decrease while Paintmakers Association, published this month. Nearly all The longer-term overall move-the figures relate to figures; and the figures relate to figures at the figures and th Paintmakers Association, published this month. Nearly all the figures relate to financial year ended between September 1985 and March 1986, so they are the most up-to-date available.

Two out of three contributors to the review reported worse results for 1985 compared with 1984. "With profitability among the medium-sized companies whole was 20.5 per cent. Last the medium-sized companies whole was 20.5 per cent. Last was 20.5 per cent.

Two out of three contributors to the review reported worse results for 1985 compared with 1984. "With profitability among the medium-sized companies taking a severe hammering," according to the association's chief executive, Mr Michael Levete.

Total profits declined from 1986m to 1980m, profits on net 2986m to 1980m, profits of net 2986m to 2986m to 2986m to 2986m to 1980m, profits of net 2986m to 298

It is almost inevitable then. crease in demand caused by strong economic recovery, more medium-sized companies are going to have to merge, accept takeover or face going out of business in the next few years. The fall in oil prices, and the even more dimenti for other only 3.6 per cent, although the medium-sized companies are review says that better prices keep up what spending they can afford on research and development, so the spiral will continue, with more companies being sucked into it.

Where medium-sized companies the review says that better prices going to have to merge, accept takeover or face going out of business in the next few years. While employee costs rose by the fall in oil prices, and the consequently lower costs of employed fell by 573. This some raw materials, will buy time for some, but if produc-

Fierce battle for a £1.2bn market

VEHICLE REFINISHING

IF THERE is one market seg-ment where the paint glants can be truly said to be at war, it is vehicle refinish—the supply of paint for repairing damaged cars. The segment is a high technology, global one and only the giants can hope to

Why they should want to fight so flercely is easy to see from the size of the world market, which is about 300m litres of paint per year at an average price of about £4.per litre. This makes it worth about £1.2bn, so that each 1 per cent of share is

the total numbers of cars on the roads of the developed world is rising as cars last longer and more households acquire second or third vehicles. Inevitably, and need to be repaired.

The technoolgy behind the

The technoolgy behind the original paint on the vehicle is now very complicated. Increasingly, repairs need special paints. Take the Austin Montego, for example: repairing a wrecked rear bumper, which is made of plastic, costs for a new bumper and f65 for a new bumper and f65 for the paint system to coat it. The world's leaders in vehicle refinish are therefore those companies with the resources and technological depth to fight

AKZO, Du Pont.

Sherwin-Williams and Du through suggest some reflexive, rapid counter-punching.

The company came in strongly with its latest two-pack paint now in the US by virtue of buying Inmont with its 8 per cent share of that market. But in 1974 and the terminology was buying the the other Environment. ICI

seen some of the most significant restructuring of recent years. The French company Valentine came up for sale two years ago and ICI swooped. As the UK market leader it could not buy Valentine's plant and distribution network in Britain, but it was glad to get the company's operations in France.

BASF dived in to buy the British business. It already had share through owning Glasurit and continue to climb rapidly. beck. Valentine gave it another This means that ICI's share of

at the frontiers of polymer next anyway and this is cer-disbelieve the ICI figures. "We tion paid to quality, its control chemistry—PPG, ICI, BASF, tainly true—but the speed of believe we have about the same and its long-term assurance. It Sherwin-Williams, Hoechst, execution and the vigour of im-share as ICI," says Mr Peter sees itself in a very long game

like the other Europeans—ICI, means that the paint comes Hoechst and Akzo—its real in two separate parts, which battle is in home markets.

The supply side of the vehicle refinish segment has resential for dealing with seen some of the most significant restructuring of recent control of the segment has repairs to many modern paints, and restructuring of recent control of the segment has restricted to the control of the con

Ei2m of sales.

The market size is also rising.

The market size is also rising.

While the number of new cars

British business. It already had fluctuates with the economy, an 8 per cent British market cellulose paint for the first time

11 per cent—in theory at least its home market rose from 25—so it was closing on ICI in to 30 per cent. Where did the the latter's home market, where increase come from? Mr the company then led with Harrison says that BASF's the company then led with about 25 per cent.

Before European markets could adjust to this major realignment, however, United Technologies put Inmont up for sale and BASF bought it for \$10n. Inmont had an 8 per cent share of UK vehicle refinish at the time. Suddenly, BASF had what looked like 27 per cent of the British market ICI's grip is such that one in three of all refinish shops in the ICI's mow use the company's pro-

plementation and follow- French, the managing director through suggest some reflexive, of Glasurit Beck and Valentine. But ICI says that it did not want Valentine in the UK anyway because of its old plant and old, nology. Its share was declining and it was happy for BASF to pick up the problems.

Glasmit Beck was adjusting to absorbing Valentine when its BASF parent bought Inmont and gave it another massive dose of merger trauma. The fact that ICI is being so candid about its latest figures—it usually keeps them quiet and leaves observers to make educated guesses suggests that if feels it has the new BASF grouping on the ropes and is making sure the

ropes and is making sure the message gets home.

Mr Geoffrey Watson, the sensor vice-president of BASF-Inmont, says: "No merger is easy. We are still in the process of transition. A gestation period of two years is needed for one of this scale. We have to get our products right and to get our products right and very good transfer potential between BASF and Immont." Mr Watson and his management team admit that there are widely different corporate cultures to marry together

where quality and depth of technological strength will tell over less careful opponents. Mr Watson says: "You need a good strong capital base to hang in there. We have that. BASF is building substantially on existing businesses. In addition, it has a world-renowned base of polymer technology.

"On top of that BASE adores."

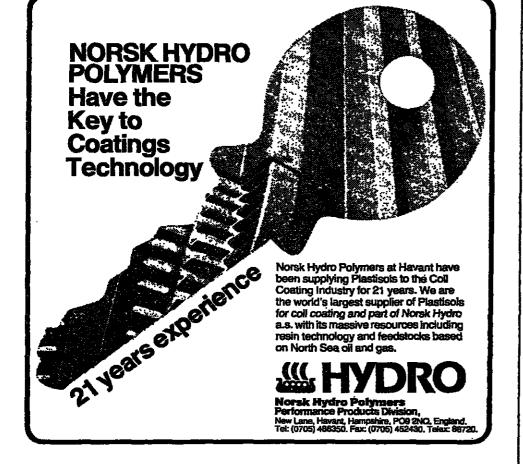
"On top of that BASF adopts a zero defect approach to everything it does. This revolves round quality. As far as the customer is concerned, zero defect means that if you say it works, it works. More money is being spent on quality con-trols."

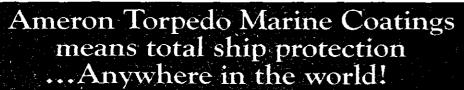
What appears to hav happened then is that ICI ha stolen a march on the BASF army in Britain while it is sorting itself out. Meanwhile, the British giant is eyeing other objectives in Europe and by pushing its new products into France through the part of Valentine it bought, it claims a paints division director in charge, says the company is looking for similar purchases in Spain and Italy,

Mr Harrison puts Berger, the Hocchst subsidiary, in third place with 14 per cent. (Lesser shares are in the hands of Ault and Wiborg, PPG, Akzo and Max Meyer.) He claims that that the merger. Inmont is naturally orientated to US many together to bear the huge costs of the method to use the company's products.

Mr Watson and his manage in Spain and Italy, BASF and Hocchst are its main rivals. The latter has had to bear the huge costs of the reorganisation of Berger, while managerial philosophies, with managerial philosophies, with much more emphasis on short-term financial performance

BASF, on the other hand, is deeply steeped in teutonic thoroughness, with great attention.







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REED INTERNATIONAL COMPANY

Fight for exclusive niches

SECTORS

AROUT HALF of world paint sales go to decorative market segments. This is the high volume, commodity end of the industry. The other segments consist of many specialised niches.

Although Although volumes for specialised markets may be small, high technology ensures that prices and margins are relatively high. Large paint companies therefore try to have a steady base of decorative sales for each flow while reterming to deminate selected. attempting to dominate selected niches.

How this works can be seen How this works can be seen at ICI. The company estimates the world market for decorative paint at 49 per cent of total sales. It says that the automotive segment—for new cars—represents 5 per cent: vehicle refinish—for repairing cars—4 per cent, can coatings 3 per cent while everything else adds up to 30 per cent.

Its own shares are: decora-

up to 30 per cent.

Its own shares are: decorative, 54 per cent: automotive 10, refinish 9, can 6 and other segments 21 per cent. In the other category it pushes hard in specific industrial finishes such as coll coating, aircraft, powder pants and packaging, all of which are relatively high added value products bought by big customers.

Some smaller companies, such as Postans, Worrall's Powders and Synthia Pulvin, which are all part of the Birmingham-based adhesives group Evode, concentrate on one high technology niche and try to dominate it nation-

ally.

But even large companies may adopt an exclusive niche management strategy. International Paint, for example, is now dedicated almost entirely to globalised marketing of marine and powder coatings, relying on universal applicability of exclusive high technology. However, it also does well in niches like coil coatings and protective paints for things and protective paints for things

Cemetone-Beaver.
DECORATIVE TRADE (2263m)
This is not necessarily the same paint as in the decorative retail segment. Trade paints are those applied by professional painters, whether employed by large companies,

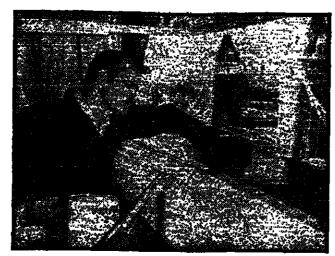
government, local authorities, or contractors. Because the painter can be Because the painter can be relied on to follow complicated procedures if necessary, the technology may be more advanced. Main protagonists are ICI, ARZO (through buying Blundeil-Permoglaze and Blue Circle Sandtex), Crown, Berger, Kalon, Johnstones, Manders and Sigma.

Paint for ships, yachts, ding-hies, and the like—inside and Britain are ICI, PPG, BASF, and the like—inside and protagonists in the rest of the world in the latest technology here.

Discontinuous in the long company, Trimite, has a major Graystone, has written an excellent book/manual on wood, share, offering bespoke formulations, offer in small quantities for most industrial purposes. It turns over about £15m a year, mostly in this segment.

CAN COATINGS (£25m)

A highly specialised segment which is going increasingly global, so long-term market which is going increasingly global, so long-term market advent of plastic containers to replace conventional cans will are also into wood.



The windows of the Thistle Tower Hotel, London, were painted in Glasurit Venti 1-2-3 from BASF. This is a speciality finish which serves as primer, undercoat and top coat. Below: used in automotive refinishing, Glasurit's UPS is suitable for application to every type of paintable plastic



out. The coatings are high technology ones designed to reduce fouling by marine life. The market has declined with the size of the world's shipping fleets. Excepting the Petrofina subsidiary, Sigma, most giants have abandoned the segment to International Paint. Smaller have abandoned the segment to International Paint, Smaller protagonists include Jotun, Hempel, Leigh, Ameron and Mabon.

Well over 30 per cent of world sales have been won by International Paint so that it described.

and protective paints for things like bridges.

The main market segments, together with their value in Britain, principal suppliers and their prospects are as follows. The value figures were calculated by Mr Tony Hornsby and Mr Louis McCulloch for their study of the industry, and are independent.

DECORATIVE RETAIL

International Paint so that it dominates the segment globally. The company has increased its sales in a falling market by superior technology and—equally important—computer-calculated by Mr Tony Hornsby customers to dry-dock a ship anywhere in the world and find the right paint in the right quantity waiting.

OFFSHORE (\$33M)

Heavy duty continues for the

DECORATIVE RETAIL

(£218m)

What people buy in "light street shops and, increasingly, in do it yourself "superstores. Growth has been strong for about 10 years as technology has advanced. Vinyl silk emulsion, non-drip gloss and, recently "solid" emulsion are all examples of technological break-throughs deriving from research by the paintmakers chemical company parents.

OFFSHORE (£2181)

Heavy duty coatings for the dishore industry, with steady repeat business because of maintenance. Most of the main protagonists from the market, plus advanced. Vinyl silk emulsion, are all examples of technological break-throughs deriving from research by the paintmakers chemical company parents.

company parents.

These paints are for things of their own (see below).

The business is cut-throatedly like structural stockwork, competitive to the point of bridges, concrete, and railway corporate suicide (see senarate competutive to the point of bridges, concrete, and railway corporate suicide (see separate article).

The main protagonists in Britain are ICI, Crown, Berger, Macpherson, Kalon, Becker (through buying Goodlass Wall), Manders, Jacoa and Cemetone-Beaver.

DECORATIVE TRADE (226322)

This is not necessarily the

to International Paint.
AUTOMOTIVE (£35m)
Probably the most important high-technology niche in the world because car production never stops, even in recession. It also demands globalised marketing of consistent products, so only the giants can compete effectively in the long term.

Environmental pressures to

Berger, AKZO and Ault and Wiborg. The latter, owned by Sun Chemicals, is for sale.

VEHICLE REFINISH (272m)

A jungle of a segment in British because of high penetration of British car markets by foreign manufacturers. This has meant a very wide range of paints and colours have to be matched. The market is a good one because motor accidents will always happen.

good one because motor accidents will always happen.
Very small quantities of highly specialised paint fetch very high prices. The level of technical skill demanded of the appicator is increasing constantly. This is the major battlemnand in Farence for battleground in Europe for giants like ICI, BASF, Berger, PPG and AKZO (see separate

GENERAL INDUSTRIAL PAINTS (£60m)

PAINTS (£60m)
These points are for manufactured goods (except vehicles) and are applied by long-used methods, such as spray, brush, or displing. The market is unlikely to grow in Britain, partly because of the decline in the nation's manufacturing base but also because of new paints and, in some cases, new technologies for applying them that have created market segments of their own (see below).

paint and production time.
Whereas many coats of paint used to be applied to goods — primer, undercoats and top coats — often with hand-sand-

All of the major paint com-panies supply industrial paints, usually offering technical ser-vices for their customers, and the segment is widely frag-mented. In Britain, one private company, Trimite, has a major share, offering bespoke formu-lations, often in small quantities

hasten this, especially as glants like ICI, BASF and Hoechst exploit the work of their plas-tics and chemicals divisions.

Container coatings might be a better name for the segment, although a company Such as Crown — which does well out crown — which does well out of using similar technology to paint things like toothpaste tubes — would rather see it called packaging. Containers are coated inside (in the case of food, for safety, using an inert lacquer) and outside for

POWDER COATINGS (£22m) One of the new segments that has been born out of the industrial paints segment. The paint —a mixture of resins and pigment—comes in powder form and is sprayed through an electrostatic field onto the object being coated. The particles pick up the charge and earth themselves on the object,

covering it.

The powder is thermoplastic, which means that heating it usually by heating the object— makes it form a polymer film that looks like paint applied by that looks like paint applied by any other method. Normal paints carry the pigment-resin system in a solvent and the paint cures as the solvent evaporates, so with powder paint there are no emissions. Also, excess powder falls to the bottom of the spray booth and can be recycled. Coatings are thick and can be made very thick, say for protecting pipelines. The segment is highly specialised with high technological content. Formulation has to be exact because mistakes cannot be rectified later by adjustments in the can or drum, as with wet paint. (See page 3.) COIL COATING (£18m)

Another new segment that is taking share from the indusis taking share from the indus-trial paints market. Coils are rolls of steel or aluminium sheet which are unrolled, painted automatically on a production line and cured in long ovens. They may be rolled up again for storage or cut up again for storage or cut into sheet lengths immediately. The motto of the coil coaters is "finish first, form later." The coatings are so tough that the sheet can be bent or formed into almost any shape without damage. Steel profiles for build-ings are the most common use but white goods, such as washing machines, are also made in this way.

The technology eliminates

the need for on-site painting or paint shops in factories and the segment grew at 14 per cent a year through the depths of recession as many manu-facturers switched to using pro-coated sheet to save on paint shop labour and running costs. ACE (£15m)

ACE (£15m)

ACE stands for "agricultural, construction and earthmoving equipment." Coatings are designed for heavy duty. ICI divested from the segment, selling to Macpherson, the segment leader. Rivals in Britain are Croda and R. J. Hamer. WOOD (£14m)

A rapidly developing segment where fashion is a major influence in encouraging the use of, for example, wood stains coats — often with hand-sanding in between, one or two coats of paints using new technology now do a better job, cutting down on paint and coating which allow wood to "breather site applivation. The larger paint companies treat this terminology as advertising hype. What is called "microporosity" is a narrow range of permeability, which all wood coatings possess to some extent. An ICI chemist, Mr John

The Tace

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The reinforced concrete facing of the British Library in Store Street, Central London was spalling as a result of carbonated thin cover. After repairs to the concrete two coats of ARPAX were applied overall to stop further carbonation. (Consulting Engineers: S. B. Tietz and Partners, 10/14 Macklin Street, Covent Garden, London WC2B 5NF).



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LEADING THE WORLD!

Reuters interim profit up by 32%

REUTERS yesterday announced profit in the first half of 1986 to £57.2m, and at the same time revealed that it had paid £12m in cash for L. H. W. Wyatt, the privately-owned supplier of voice communication products for dealing rooms. for dealing rooms. Mr Glen Renfrew, the Reuters chief executive, said British-based Wyatts would make an excellent fit with Rich Inc, the Chicago-based Reuters subsidiary which designs video and data communications systems for trading rooms. Wyatt's sales for the year ending August 31 will be about £6m, but it is now expected to grow quickly in the US in conjunction with Rich.

Reuters' turnover increased by 28.1 per cent in the six months to £288.2m, and after-tax profit was 41.7 per cent higher at £35.5m helped by a reduction in the tax rate from 42 per cent to 38 per cent £arnings per ordinary share were 8.6p, up from 6p in the first half of 1885. Growth was strongest in Europe, where revenue increased by 48 per cent, followed by Japan and Australasia. The growth was restrained in sterling terms by currency movements—for example US growth was only 1 per cent in sterling terms but 19 per cent in dollars.

Mr Renfrew said the intro-duction of the Reuter Monitor Dealing Service to Japan boosted total sales in that country and closed a major gap in the global dealing network in the global dealing network.
Orders in North America
came in at more than double
the 1985 rate. Cancellations
were relatively heavy in parts
of the Middle East, Latin
America and Africa, but the
effect was absorbed by the pace of growth elsewhere. rowth was only 1 per cent in terling terms but 19 per cent in dollars.

The underlying growth

The return on capital employed rose from 24 per cent in the first six months of 1985 to 25 per cent in the first six

averaged over 30 per cent, but the effect of currency move-ments on profit was negligible. months of this year. Research and development spending was up from £8.2m to £8.7m. up from £8.2m to £8.7m.
The group figures include revenue of £17.5m and pre-tax profit of £3.4m contributed by Rich, but exclude sales of Rich systems through other parts of the group.

Mr Renfrew said the number of installed video terminals had risen £7.7 per cent to £5.705. risen 57.7 per cent to 85,792 from 54,400 a year ago.

The Reuters directors have declared an interim dividend of 1.75p per share, compared with 1.25p for the first half of 1985. The results were broadly in line with forecasts, but Reuters share price rose 3p to

Maxwell apologises over breach of SE code By David Goodhart

Mr Robert Maxwell, pub-lisher of Mirror Group News-papers, yesterday apologised to Sir Christopher Hogg, chairman of Reuters, for what may have been a serious breach of the Stock Exchange code on the sale of shares by directors. Mr Maxwell, who is

Reuters director, disclosed two weeks ago that the Mirror Group had sold its entire stake of 2m ordinary "B" shares in Reuters at the end of June, thus transgressing the rule that directors should not trade in the two menths period before the announce-ment of interim or full year

The "closed" period usually applies only to shares owned personally by a director but under the owned personally by a director but under the Companies Act 1985 if an individual owns more than 30 per cent of a company the trading by that company counts as personal dealing tes.

Mr Maxwell later replied that the sale had been made without his knowledge. He said: "I have informed the chairman of Reuters that the disposal was made by a committee of the Board without informing me. That was inadvertent and I have expressed my regret." The ultimate ownership of Mirror Group Newspapers has always been surrounded in some mystery but Mr Maxwell's apology could be taken to signify an admission that he does own at least 30 per cent.

After the Mirror sale the Reuters share price fell to about 475p but has now recovered to 503p.

• Another large block of B shares is set to change hands later this week. Merrill Lynch has notified the US market that it is making a secondary placing of 3.6m American Depositary shares—equivalent to 21.8m. B shares of which 19.6m are owned by Australian Associated Press and the balance by Rich Inc family interests.

Saatchis buy NMC shares to cut dilution

Investments, the fibre board and investments group, via the acquisition of 3.35m shares each. Between them, this is nearly 39 per cent of the present equity. The sellers are East Rand Consolidated and investment clients of City Group. ERC retains a holding of 3m shares (17.4 per cent of present equity), which it has agreed not to sell for a period of two years without NMC's agree-

135p on the announcement, but it seems unlikely that the purchases are the prelude to a full scale bid. Rather, the deal is to cut the dilution of their present stake—around 15 per cent—implied in the issue last week of 8m NMC shares as payment for Interploy, a privately owned security wrapping company.

After the issue the Saatchis' aggregate holding will be just over 26 per cent. Mr Norman Gordon, NMC chief executive, will have around 12 per cent.

GEC denial General Electric Company (GEC) has denied press speculation that it was plan-ning to make a bid for STC if its offer for Plessey failed.
"GEC wishes categorically to deny that it is contemplat-ing making a bid for STC," it said in a statement.

FH Tomkins improvements in financial dis-cipline, and that is the area we are working on," he said. Mr Hutchings also indicated that there would be no further major acquisitions until Pegler had been assimilated. In the past three years Tomkins has been transformed, largely through acquisitions, from a small West Midlands fasteners manufacturer into one of the new generation of engineering mini-conglomerates with a mar-het vakue of around 5325m. Group turnover rose from

Pegler integration takes

priority for F H Tomkins

earnings per share, which Mr Hutchings called "our ultimate yardstick," grow by 51 per cent to 12.07p (7.99p adjusted). The final dividend is raised from 1.4p to 1.8p, lifting the year's total to 2.8p against 2.25p. Group turnover rose from final dividend in 185.79m to 163.43m, and the pretax result was boosted by 1645,000 of interest received, • Comment

respectable margin, interest respectable margin, interest yesterday was focused more on where the money had come from and what skeletons had been found in the Pegier-Hattersley cupboard than on the pre-tax figure itself. Little light was shed on either. The GKN acquisitions apparently responded to the Hutchings touch and yielded £1.7m to its new owner in eight months, but there were no numbers to illustrate the difficulties at Webb and FHT — or, indeed, the successes with the two French offshoots. Meanwhile, Tomkins is silent on Pegler's prospects pending a closer Tomkins is silent on Pegier's prospects pending a closer scrutiny of the new acquisition's budgets. But if information was scant, one cannot quibble with last year's 50 per cent growth in earnings per share, and on present form Tomkins must be set for about £50m in the current year for a prospective p/e ratio of 14 \$30m in the current year for a prospective p/e ratio of 14 at yesterday's close of 310p. With the cash pile for further acquisitions at £15m plus and growing, and Tomkins now of a size more likely to attract investment interest among the against a £655,000 charge. Given that F. H. Tomkins's pension funds, that does not After tax at £2.71m (£1.3m), £7.1m profits forecast seemed look demanding.

Store opening costs hold back Hillards

Hillards, the West Yorkshirehillards, the west forkame-based supermarket operator, lifted its pre-tax profit by 10 per cent, from £8.14m to £8.96m, in the 53 weeks ended May 3 1986. Turnover, includ-ing VAT, came to £281m, a 9 per cent rise over the previous £257m previous £257m Chairman Mr Peter Hartley that the year competitive and, together with the costs involved in opening four large stores, had an effect on the

Operating profit was up 17 per cent to £10.2m, but interest charges increased substantially from £619,000 to £1.26m—net borrowings at year-end stood at £15.4m (£5.6m). £16.4m (£6.9m). Net interest on expenditure

incurred on the acquisition and development of new stores was

added £445,000 to the profit added £445,000 to the pront after interest.

The chairman said that for the opening twelve weeks of the current year there had been an encouraging increase in turnover, and he believed the year would show the planned increase in both turnover and

Capital expenditure in the year was £17m, and for the current period was put at £13m to £17m depending on the timing of site acquisitions and the start and phasing of building costs. ing costs.

At the end of May the group was operating from 39 stores with a total selling area of 747.500 sq ft, After tax £2.73m (£1.75m) net profit for 1985-86 worked through at £5.77m (£5.98m)

with earnings at 11.73p (12.19p). The final dividend is 2.3p for a net total of 3.3p (adjusted 2.9p).

comment

With this set of results Hillards matched the City's expectations perfectly, yet a sober note was struck by the fall in sales at existing stores. Hillards attri-butes the decline to the unprecedented level of competition with 12 directly competitive new stores opening in the course of 1985/86. Newcomers to the north, Tesco and Sainsbury, and locals Asda and Morrisons, showed no signs of becoming any less aggressive. Increased competition is something that Hillards must learn to live with and that it cannot stave off by protecting margins at the ex- its sector.

longer. Analysts are more concerned, however, that the company is failing to keep pace with trends within the food retailing sector. The stores are slowly, but surely, being redesigned, and new product ranges, such as health foods, being introduced, but the changes will take time to filter through. Hillards has to filter through. Hillards has been bandied about as a bid target for so long that even the most active of hid mongers have grown bored and the shares have fallen from 250p to 193p. Despite the fall, potential profits of £10m for 1986-87 put the company on a prospective p/e of 15 which looks a little high given the relative ratings of the more dynamic stocks in of the more dynamic stocks in

SE listing for shares in warship builder

BY RICHARD TOMKINS

CVONSORTIUM, the newly-privatised warship builder which was bought from British Shipbunilders by an employee-led consortium earlier this year, will acquire a Stock Exchange listing on Thursday when it comes to the market when it comes to the market through an introduction.

Renamed VSEL to distinguish it from Vickers, the diversified industrial group—

which corne the forces Vickers

In unter-kiner summarine.

The listing particulars for Thursday's flotation show pre-tax profits falling from £20m in 1982 to a deficit of £6.4m in 1982 to a deficit of £6.4m in 1984 before recovering to which owns the former Vickers yard at Barrow-in-Furness and the former Cammell Laird yard at Birkenhead—is now the only British company building sub-

This year it has won Ministry of Defence orders worth fibn for the first Trident nuclearpowered submarine, three diesel-electric hunter-killer submarines and a nuclear-powered hunter-killer submarine. £2.4m in the year to last March. Turnover has grown over the same period from £260m to

For the purposes of the flota-tion, earnings per share have close to its yards.

been calculated on a proforma basis as if the group had been on a post-flotation basis for the full year. By this reckoning, earnings come out at 34.2p. The shares were offered to employees in March at £1, and this is the price at which they will come to the market. The historical price/earnings ratio is therefore under 3.

When VSEL was privatised, the consortium which bought it arranged for 20 per cent of its shares to be made available to employees and their families,

More than 11,500 employees and 5,000 local residents are now shareholders. The rest of the equity is held by insurance companies, banks, pension funds and other institutions. No new shares are being issued in the flotation, and em-ployees are thought likely to retain their holdings. However, enough sellers are likely to emerge to make for a lively market if dealings begin at a The Stock Exchange introduc-

tion has been arranged by Lloyds Merchant Bank with Hoare Govett as stockbrokers.

STERLING COMMERCIAL PAPER

Market Update

18

Publicised programmes to date

Sterling CP Options incorporated in other facilities

Leading Dealer Arranger with 6 publicised programmes including The BOC Group, Norsk Hydro, P&O, Redland and Unigate.

COUNTY NATWEST CAPITAL MARKETS

& The NatWest Investment Bank Group

By Frank Kane

Mr Charles and Mr Maurice Saatchi, the brothers who head the world's largest advertising agency, yesterday-increased their stake in NMC

NMC's shares rose 7p to 185p on the announcement,

Parkfield surges to £2.35m

yesterday announced record pre-tax profits of £2.35m for 1985-86 and at the same time said it intended to apply for a full listing.

month parrowly succeeded in a bitterly contested takeover for valve maker Pegier-Hattersley,

valve maker Pegier-Hattersley, yesterday announced more than doubled profits for the year to last May 3. At £7.36m against £3.52m, these were rather higher than the company had forecast in its offer document.

Mr Greg Hutchings, the chief executive, said that the immediate test was to interest.

immediate task was to integrate the Pegler businesses to ensure that they performed to Tomkins' standards. "We are making improvements in financial dis-

The results were prepared on merger accounting principles and profits compared with \$1.22m restated on the same basis from the original £374,000. Stated earnings per 5p share rose sharply to 18.36p (restated 6.97p) and the final dividend is lifted to 2.4p making a net total 50 per cent higher at 3.6p (7.4p)

Turnover cose to £34.7m (restated £32.5m), but with the three acquisitions announced earlier this month—Lightning Distribution, J. & B. Labone and RM Fabrications—Parkfield's annualised turnover increases to more than £100m. compared with £4.6m in 1984-85. The original Parkfield Foundries operation produced greatly increased profits, as did Foster Electrical Supplies purchased in May, 1985. Fisher (Clevelsys), Wilkiam Lee and Durham Tube had all traded well up to expectations since

Murray Smaller Murray Smaller Markets Trust improved net asset value per ordinary and per B ordinary share from 222.2p to 339p in the year to May 31 1886, and earnings, assuming full conversion of the Bs, rose from 2.73p to 2.84p. The dividend is raised from 2.5p to 2.7p with a final of 1.9p, against 1.8p.

1.8p. Net revenue came to £813,000 (£784,000) after tax of £471,000 (£508,000). The directors are to recom-mend an interim dividend of 0.9p for the current year, and B ordinary holders will receive a capitalisation issue in Bs equal in net asset value to the recommended final dividend and the interim for the current year, excluding any tax credit.

A. J. Worthington A. J. Worthington (Holdings),

in a second-half profit of around f26,000 for a full-year loss after tax of £23,000 (£270,000) on turnover up £496,000 at £1.97m for the year to March 31, 1986. After four years of losses and a first-half deficit of about £49,000, the directors said at the interim stage that the company was in a stronger position. pany was in a stronger position and predicted a "more progres-sive" second half.

Parkfield Group, the USM acquired and Polarcold was also year and have hardly been lag-quoted engineering and electrading well. ging in 1986: despite profit-trical distribution concern. All group companies had taking the shares rose by 5p to shown profits growth.

believed the company was going 10 acquisitions under the chair-to continue to grow rapidly. 10 acquisitions under the chair-manship of Roger Felber have "Our corporate planning is put it firmly into the category wholly focused on welding of mini-conglomerate and the together and developing the growth of a group resulting in sign of flagging. Inevitably, increase in earnings per share."

He said that Parkfield was continuing to identify interest-ing acquisition opportunities and provided these satisfied the criteria of improving earnings per share growth, both short and long term, the group would wish to complement its develop-ment by further acquisitions. The current year had started well, with a strong balance sheet and a net cash position, Mr Felber said.

comment

shown profits growth.

On prospects, Mr Roger pares with 230p at the begin-felber, the chairman, said he ming of the year. The group's pace of expansion shows no sign of flagging. Inevitably, some question whether progress at the pre-tax level would look quite so robust were it not for Parkfield's ability to use its paper to add on profit centres, but an advance from £374,000 to around £850,000 last year for the original foundry operation suggests that there is a good deal more to the growth than sleight of hand. In the current year the three latest acquisitions should take the group comfortably forward to £8.35m for a prospective p/e ratio of The original Parkfield Founliquid market in its shares, the charge. The rating looks in sub-divide the charge and prospective pre ratio of the original Parkfield Founliquid market in its shares, the charge. The rating looks interested profits, as did Foster nominal value af its shares from the prospective pre ratio of the prospective profits. may sleep awhile between acquisitions as there could yet be much to go for under the Parkfield's shares were the best newly - strengthened manageperformers on the USM last ment.

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Berkley's **Authority** tender offer is failure

By Frank Kane Berkley House Group, privately-owned property developer, still has hopes of a close trading relationship with Authority Investments, despite the failure of the £1.6m tender offer which would have given it a decisive say in the property and investment group's future. The result of the tender was announced yesterday, showing that only some 3 per cent of Authority holders had accepted

Authority holders had accepted the offer of 500p per share. compared with a current market price of 420p.

Berkeley had hoped for a maximum of 18.8 per cent. With its existing stake that would have enabled it to block the proposed £6.6m deal between Authority and Management Group, a vehicle created by Mr David Backhouse and two City financiers. The deal is due to be voted on at an extraordinary meeting tomorrow.

eeting tomorrow, Mr Andrew Curtis, a Berkley director, said last night that his company had agreed to meet the new Authority board soon after the meeting. "Just because the tender has died." he said. "that does not mean there is nothing we can offer the com-

pany.' It seems likely that any arrangement between the two will take the form of a trading will take the form of a trading agreement rather than an equity deal. Mr Curtis stressed his company's expertise in refurbishment, and claimed that Authority's portfolio was in need of attention.

A renewed bid for Authority/ Management does not seem on the cards, with around 65 per cent of voting strength, including the board, against the Berkley tender from the outset. But Mr Curtis said that Berkley would hold onto its existing 6.3

Lighting gives Whitecroft better start

WHITECROFT, Cheshire-based holding company with interests in textiles, building supplies and lighting, had started the year well, Mr J. Tavare, chairman and managing director, told the annual meeting. Profits for the first quarter were substantially

ahead of last year. anead or last year.

In particular he said the lighting division had performed exceptionally well. After last year's results, which were down on the previous year, the division had its best start to the

Of the group's hostile bid for Eleco Holdings, construction, engineering and property company, Mr Tavare was confident a merger would bring benefits. Turnover declined to £862,000 (£1.08m), but the company said margins had been little affected. The interim dividend was held Although Eleco's results were not as good as forecast Whitecroft was sure that results could

At other annual meetings Mr Ken Roberts, chairman of Norcros, said that despite disappointing activity in the con should be ahead at the interim

stage.

He welcomed the Government's beginning to play a greater part in the stimulation Cranswick Mill Group, hold-

cranswick Min Group, nour ing its first meeting since it joined the USM, should maintain growth throughout the present year and was well placed for the future, Mr Richard Marginson, chairman, said.

Fritz Consten, from Herr Consten, from Her ing its first meeting since it joined the USM, should main-tain growth throughout the

Fitzwiltonint. 18 Hillards23

Marling Inds. Merrydown Wine

Murray Smaller

Hillards 2.3
Thomas Jourdan int, 1.25

Norton Opax 2.5
 Parkfield
 2.4*

 Reuters
 int.
 1.75

 F. H. Tomkins
 1.8*

TR Trustees 2.4 Sep Webber Electro ...int. 1.15‡ —

DIVIDENDS ANNOUNCED

Dividends shown in pence per share except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. †Unquoted stock. ¶Irish pence throughout.

Date Corre-Total
Current of sponding for
Payment payment div. year

Norton Opax on target with £3m profits leap

Norton Opex

Norton Opax, security and specialist printing group, continued to achieve significant growth in the second six months ended March 31, 1986. After more than doubled interim profits of £2.13m, year end pretax figures jumped from £2.2m to £5.17m, on turnover of £72.1m, against £40.7m.

The result was in line with the £5m forecast in March, at the time of the £110m offer for McCorquodale, which has since

McCorquodale, which has since been referred to the Monopolies

commission.
Turnover and trading in the first quarter of 1988-87 were considerably ahead of the corresponding level last year and the directors said the future was bright.

The year had seen substan-tial progress on all fronts, with the increased profits deriving from businesses acquired in the previous year and from substantial growth in the existing activities.

In September, Norton pur-chased the "Life" series of regional magazine, from Inter-national Thomson Publishing and the directors said the relaunch of these titles was pro-ceeding well. Early this year, the three re-

tail companies acquired as part of Sir Joseph Causton in 1985 were sold to William Collins, resulting in an extraordinary this time profit of £3.08m. net into As forecast, dividend for the (£1.06m).

£131,000

comment Norton Opax has a gift for spotting opportunities even if the broad sweep of history, whether in the form of Robert whether in the form of Robert Maxwell or the Monopolies Commission has a way of pushing them out of reach. Three years ago BPCC shoved Norton aside in a bid battle for John Waddington; now a Commission reference is giving McCorquodale time to ready itself for a possible round two in the late. possible round two in the late autumn. Even if McCorquodale passes out of reach in price terms, however, it is important that the Commission ruling does not limit Norton's growth in the cheque book printing market. For it is here, and from publishing and advertis-ing, that 1986-67's additional year is to be raised from an adjusted 2.833p to 3.5p net, with a final of 2.5p. Stated earnings per 10p share climbed from 8.07p to 10.01p.

Gross profits rose sharply from £13.48m to £23.13m, before charging distribution costs of £6.66m (£2.86m) and administration expenses of £9.51m (£7.36m). Trading profits more than doubled from £3.26m to £6.96m. Other operating income profits are expected to come. The brokers have set a £5.8m target after allowing for the loss of some £600,000 in trading profit contribution from the shops recently sold off to Collins. The shares, unchanged at 135p, have had some of the price loss that followed April's price loss that rollowed April's surprise referral restored. The prospective p/e of just over 11 seems rather niggardly if the market is such a firm believer in Norton's acquisition-based growth strategy.

Thomas Jourdan jumps 50%

ALTHOUGH ROYALTY income was virtually static, improved results from its trading subsidiaries enabled Thomas Jourdan to raise pre-tax profits by although interest took £94,000 (£19,000), although interest took £94,000 (£19,000). £618,000 for the half year to

Turnover increased 38 per cent to £6.35m (£4.58m). The group makes trouser presses, nursery products, fireplace surrounds, and brushes are brushes and brushes and brushes are brushes are brushes and brushes are holds Mary Quant royalty con-

tracts. Mr Archie McNair, the chairman, said the group's trading subsidiaries had continued to expand, despite the disruption of Corby's operation due to the move to larger and more suitable premises at Andover.
Trading profits climbed from £340,000 to £530,000, but the

Webber Electro

Webber Electro Components blamed overstocking and other

short-term problems among major customers for a decline

in profit to £222,000 (£270,000) in the six months to March 31,

quarter had seen activity back

almost to last year's level, but

warned about continuing "unevenness of offtake."

In pursuance of its expansion into Europe, Lee International has acquired Kobold Licht Fritz Consten, from Herr Con-

Lee Intl. expands

£6.96m. Other operating income this time added £217,000, but

net interest took £2.01m

After tax of £224,000 (£170,000), earnings per 10p share advanced from 2.44p to 3.23p. The net interim dividend tax of £224,000 is increased by 19 per cent from an adjusted 1.05p to 1.25p—last year's total payment was equiva-lent to 3.675p after adjusting for the one-for-one scrip issue. Pre-tax profits totalled £1.35m

£837,000). Mr McNair said that currently the group's order position was well ahead of its level at the same time last year and thus provided a good base for the second half. The directors looked forward with confi-

dence to continued progress in this period. He reported that at Lion Brush Works, the board's short term objective of strengthening the management team was nearing completion and it was

encouraged by this company's progress to date and its current

prospects. Suncrest Squire achieved excellent results, said the chairman, Considerable progress had been made at Rochingham and its recently

Rochingham and its recently acquired subsidiary, Blower Brothers, was trading profitably.

Mr McNair pointed out that apart from expansion of currently owned operations, there was much activity and planning by the executive directors aimed at increasing size and modifications.

The company said the third

poor investment decisions.

BET argued that while HAT's core painting business had a good reputation and a strong market share, its operating margins had seriously declined in recent years, mainly as a result of a failure to integrate

BET launches scathing attack on HAT record

In its formal offer document to shareholders, BET said HAT's strategy had falled. It had recently announced a fall in pre-tax profits for 1985-86 and £12m had had to be written off over the past two years because of

BET, the diversified industrial latter have left the balance services group which is making sheet seriously weakened and it a £96m hostile bid for HAT, the is questionable whether HAT paint and scaffolding business, now has the financial strength yesterday launched a scattling to recover even if it had deattack on its target's past veloped a successful strategy performance. for doing so."

resources would give HAT an important boost, while the bid had a "compelling commercial logic," with HAT's core businesses fitting perfectly with BET's industrial services and construction operations.

Mr David Telling, chairman of HAT, said last night that it was easy to criticise with the benefit of hindsight and the BET bid totally undervalued the company.

acquisitions successfully.

HAT had also "failed in its efforts at diversification, particularly its investment in property. The write-offs from the 127p.

BET shares closed at 412p, up 4p, giving its offer of shares a value of 121p for each HAT through the share. HAT closed unchanged at 127p. BET shares closed at 412p, up

Fitzwilton dives into red

The company's financial position had been greatly strengthened by several recent (1272 000) and could be first the half year was £3.25m (£3.81m). Attribution to the half year was £3.25m (£3.81m). Attribution of £1.27m (£3.27m) and £3.25m (£3.27m).

Dublin based Fitzwitton Urgent action was being incurred a pre-tax loss of taken to implement this 15732,000 (£681,000) in the half strategy. A priority would be year to December 31, 1985, investment in the UK where the against a 1£54,000 profit last company was actively seeking time, but the company said it attractive acquisition opportunity and of the company of the company and the ties.

Turnover for the half year (£173,000) and stated deficit per They said they had decided it was in shareholders' best interests for Fitzwilton to remain a trading company.

25p share was 3.87p (0.78p).

The interim dividend is unchanged at 1p—last year's final was also 1p.

US team to take control of **Mnemos**

By Martin Dickson By Martin Dickson

A group of US investors, led by Alan Patricof Associates, the venture capital company, is set to acquire control of Mnemos, the less-making, USM quoted manufacturer of information storage equipment, under a financial reconstruction plan

Bermuda-based Mnemos is at present a 54 per cent owned subsidiary of Combined Technologies Corporation. Both companies are headed by Mr James Longcroft, chairman of Tricentrol, croft, chairman of Tricentrol, the oil company from which

off.

Mnemos, which is devoted to the production and marketing of System 6000, an advanced information storage system, gained a \$5m injection of equity funds last year from Sperry, the US computer group, but said last December that it was seeking additional working capital from other US investors.

Cometech was originally spun

working capital from other US investors.

Under yesterday's deal the new Patricof group will subscribe about \$8.5m for non-cumulative convertible preference stock representing about 64 per cent of a new US company. Substantially all Mnemos's assets and liabilities will be transferred to the new company, which will issue shares of common stock, representing about 36 per cent of its issued share capital to Mnemos.

Directors of Mnemos will seek shareholders' approval to the voluntary winding up of the company, with the shares in the new company being distributed to Muemos sharehelders. The new company will apply for permission to deal in its stock on the USM.

Special arrangements will apply to US shareholders.
If nemos shares were suspended ahead of yesterday's announcement at a price of 17p, giving the company 2 market capitalisation of about £8.5m.

Mnemes yesterday announced pre-tax losses for the year to March 31 of \$5.28m (\$9.6m) on turnover

of \$263,600 (\$246,000).
Mr Longeroft said the promise of last year and the underlying strength of mnemes's advantage had not yet flowed into positive results but the way ahead had been made possible by a fleree trimming of costs,

Brierlev raises stakes in OTT and Ultramar

By Terry Povey WITHIN days of returning to the UK, Mr Ren Brierley has ounced yet more buying by his IEP Securities of shares in Ultramar and Ocean

ransport and Trading. In addition to reviewing his investment portfolio. Mr Brierley is making preparations for the develo his UK operations. Mr Chris Corrigan has been poached from Bankers Trust to head the London team and Mr Ross Martin has been brought from New Zealand to represent IEP on various company

boards.

IEP now holds a 11.4 per cent stake or 31.2m shares in Ultramar, the independent oil company, bought for some £53m. This is IEP's most expensive UK investment. Although the majority stake in Tozer Kemsley & Millbourn is worth about £200m, Mr Brierley acquired this for Brierley acquired this for some £41m.

At Ultramar yesterday Mr David Elton, group executive director, denied any nervous-ness over Mr Brierley's growing stake and reiterated that the company was a sound counter-cyclical investment. The IEP stake in OTT, the shipping company, is now 8.25m shares or 7.32 per cent, following the acquisition of a further 1.12m shares. Mr Brieriey has spent some \$16\rightarrow building up the hold-ing.

Advertising costs hit Merrydown profit

Merrydown Wine felt the effect of its first major advertising investment in its Vintage Cider brands. In the year ended March 31 1986 its pre-tax fell by 19 per cent, from £1.26m to £1.03m, and that cost of advertising was the main cause.

But against the background of a fall in the total cider market, the directors said they regarded the result as satisfactory, and viewed the future with confidence.

Capital expenditure was some £750,000 and geared principally to increasing cider fermentation and bottling line capacity by 50 per cent.

After tax £415,000 (£559,000) earnings are stated at 18.6p (21.44p). The final dividend is 5p to bring the total up to 6p (5.38p scrip adjusted), and there is to be a further one-for-eight scrip.

end that cider sales forged shead again. Scottish sales were recovering well, they said, and UK sales were indicating the benefits of both 1985 and 1986 investments in advertising. The absence of a further duty

It was not until after the year-

increase in this year's Budget should assist the company's sales and help the cider market, the directors stated.

Turnover in 1985-86 was maintained at £8.8m. Encouraging smaller producers like Merry-growth in cider sales and market share in England and market share in England and Wales was offset by lower sales Judging by the increase in sales of 4.2p (3.8p).

Turnover in 1985-86 was maintained at £8.8m. Encouraging smaller producers like Merry-growth down will be forced to invest from 4.29p to 4.56p. The final dividend is 2.4p for a net total dividend is 2.4p for a ne in two export markets and of cider in Scotland, where there down's investment seems to payable was £1.72m (£1.2m) was reorganisation of sole have paid off. The apple crop and administration expenses agents.

Yet again Merrydown has emerged unscathed from a lack emerged unscatned from a lack lustre year in the cider market. Cider sales fell by 3 per cent during the 1985-86 financial year yet Merrydown held its volume despite distribution problems in Scotland, Margins were effected by the adventing were affected by the advertising expenditure incurred by the

farmers are likely to restrict price increases to around 5 per cent, so costs should be relatively easy to control. Merry-down is now augmenting its non-cider activities by relaunch extending distribution from the specialist shops to the grocery multiples. Although the bene-fits of this are unlikely to filter through until 1987-88, the City expects profits of £1.35m for 1986-87, producing a prospective p/e of 15 on the shares at 355p. This seems appropriate for the short term.

TR Trustees ahead

TR Trustees Corporation raised net asset value per 25p share, to 230.6p at the end of May, 1986, compared with 185.5p a year earlier.

Total income in the period increased to £8.39m (£7.64m). hould assist the company's ales and help the cider market, he directors stated.

Turnover in 1985-86 was mainained at £8.8m. Encouraging amilier producers like Merry-down will be forced to invest from 4.29p to 4.56p. The final campaigns of their own dividend is 2.4p for a net total of 4.20 (3.8p).

that is issued on 29th July. 1986 in compliance with the Regulations of the Council of The Stock Exchange, than has been made to the Council of The Stock Exchange for all the issued Crainary Stores and



INTRODUCTION TO THE STOCK EXCHANGE ARRANGED BY LLOYDS MERCHANT BANK LIMITED

VSEL Consortium forms the largest warship building business in the UK with an annual turnover of over \$300 million. It is the main contractor for UK submarine construction and lead yard for three classes of surface warship currently serving with the Royal Navy. The Consortium's warship building activities range from conceptual design through to post-delivery fleet support services. This is complemented by an armaments business which has achieved significant export sales in recent years and by a growing expertise in weapons systems design and

VSEL Consortium has the largest design development team in the British warship building inclusive, representing outprone half of the highest of state resources. Its extensive design and drawing office taxilities in Barrow-in-Purness utilise sophisticated computer-based systems which enable it to deal with the increasingly advanced technologies involved in warship design and construction.

SHARE AND LOAN CAPITAL

Authorised

45.000.000 40,000,000

Ordinary Shares of £1 each 11 per cent Unsecured Loan Stock 1996

40,000,000 Special Share of £1

Issued

Listing porticulars relating to the Constrium are available in the Extel Statistical Services and copies of the particulars may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including (a) 1st August, 1986, from The Stock Exchange's Company Announcements Office, and (b) 13th August, 1986, from:

VSEL Consortium FLC
Borrow-in-Rumess
Cumbria LA14 IAF
London ECAP 4EL
London ECAP 4EL

Hoone Govett Limited Heron House 319-325 High Holborn London WC1V 7PB

This announcement appears as a matter of record only.



July 1986.

A new company formed by members of management and by a syndicate of investors to acquire STC Exacta Limited.

The following syndicate subscribed a total of £4,630,000 for shares in the company.

Investors in Industry plc CIN Industrial Investments Limited Close Investment Management Limited County Development Capital Limited Darnaway Venture Capital plc East of Scotland Industrial Investments PLC Lothian Regional Council Superannuation Fund The Prudential Assurance Company Limited Scottish Development Agency

> The syndicate leader was: Investors in Industry plc



Exacta Holdings Limited is the UK's largest manufacturer of printed circuit boards

COMPANY NEWS IN BRIEF

2.9* 3.68* 1.5 5.33* 2.5 2.83* 2.4 3.25 2.25

THE THROGMORTON USM Trust, which obtained a listing early this year, improved its net asset value from 94.5p, its value at inception after deduction of flotation expenses, to 107.6p at end-June 1986. Net revenue for the 21-week period since the company began trading on February 3, amounted to £372,000 after tax of £192.000.

half of 1986, against £935,000 after the whole of 1985. Net rents for the whole of 1985. Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for year). Earnings per 25p deferred share improved to 4.36p (3.4p). (IE1.77m for ye

net asset value per 25p share from 172.3p to 192.4p in the six months to June 30, 1986. The interim dividend is unchanged at 2p net, and stated earnings per share were higher at 3.81p Upall—for £525, (3.42p). Gross income was up cash or shares. from £255,381 to £263,055. Tax

LANCASHIRE & LONDON Sci Lankan tea and rubber net asset value per 950 chara grower, has announced its second acquisition under its on behind the mew management, with an agreed deal for Malaysia's second largest manufacturer of industrial cocoa products—
Upali—for £525,000 payable in cash or shares.

holdings has been accepted by holders of 2.57m (64.2 per cent) of the ordinary shares and 28,100 (70.3 per cent) of the preference shares and the offer has been declared unconditional included in the ordinary acceptances are 1.77m shares acceptances are 1.27m shares which Hambros Bank acquired on behalf of Kone. The offers will remain open until further

EDINBURGH AMERICAN Assets Trust reports a loss after tax of £58,000 (profit month sof 1986. Loss per share was 0.08p (earnings 0.72p). Net asset value per 25p share was 161.7p (135.2p) at the end of the period.

REA BROTHERS, the smallest of the UK's accepting houses, yesterday announced that holders of 94 per cent of its ordinary shares had accepted the one-for-one exchange offer from Rea Brothers Group, the next halding constant at the content of the state of

period was £156,310 (£128,869) and unfranked £62,464 and unfranked £62,464 (£62,839). Expenses amounted to £18,847 (£16,296), and debenture stock interest was un-changed at £6,300. After tax of £59,626 (£55,362) earnings came out at 3.35p (2.84p).

BLACKWOOD HODGE Canada's wholly owned subsidicanada's wholly owned subsidiary, Blackwood Hodge Equipment has received C31.25m (£0.6m) in full settlement of its claims against General Motors Corporation, arising out of disputes involving its dealer sales and service agreements with and service agreements with General Motors of Canada.

from £255,361 to £263,055. Tax fell marginally from £78,535 to £77,279. The directors said the forecast for the year showed a similar result to that for the previous year.

GREEN PROPERTY Company, Dublin-based property investment and development concern, made pre-tax profits of LE41,591). The interim divimade pre-tax profits of LE41,591). The interim divimade pre-tax profits of LE41,590 in the first six month sof 1986. Loss per share was 0.08p (earnings 0.72p). Net asset value per 25p share was 0.08p (earnings 0.72p). Net asset valu

offer. All three offers have now been declared unconditional. JOHN WILLIAMS of Cardiff, the alloy iron foundry operator,

has agreed to pay the Welsh Development Agency £96,000 cash for the agency's outstandcasa for the agency's outstand-ing 24.3 per cent stake in John Williams Foundries, the com-pany's principal subsidiary. John Williams consolidated not profit for the year to Sep-tember 30 was £25,000, while JWF turned in a net profit of \$40,000

STOREHOUSE is making a recommended offer for the pre-ference shares in British Home Stores on the basis of 108p cash plus accrued income. Additionally, shareholders will get the interim dividend for the six months to September 1988.

> LADBROKE INDEX 1,266-1,272 (+2) Based on FT Index Tel: 01-427 4411

UK COMPANY NEWS

Marling

margins

squeezed

Watsham's higher

A 41 per cent advance in turn

This maker of products for the optical, electronic, instru-

mentation, and industrial safety

industries lifted its turnover from £18.26m to £25.84m and

while in prior years it was capi-talised and amortised over a

maximum of the first five years

Industries

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Six Month Notes Issued in Series

U.S.\$75,000,000

Note Purchase Facility

Notice is hereby given that the above Series of Notes issued under a Note Purchase Facility Agreement dated 5th May, 1982, carry an Interest Rate of 7% per annum. The Maturity Date of the above Series of Notes will be 29th January, 1987.

29th July, 1986

Samuel Montagu & Co. Limited



Bank of Montreal

U.S.\$250,000,000 Floating Rate Debentures, Series 9, due 1996 (Subordinated to deposits and other (inbilities)

Notice is hereby given that the Rate of Interest for the three month period 29th July, 1986 to 29th October, 1986 has been fixed at 6% per cent. The amount payable on 29th October, 1986 will be U.S.\$172.50 against Coupon No. 10.

Morgan Guaranty Trust Company of New York



Italian International Bank Plc

U.S.\$60.000.000 **FLOATING RATE NOTES DUE 1991**

in accordance with the provisions of the Notes, notice is hereby given that for the six month interest Period from 29th July 1986 to 29th Jenuary 1987 the Notes will carry an Interest Rate of 6% for annum and the Coupon Amount per US \$10,000 will be US \$351-39

Walter Alexander lifted to £4.3m by coachbuilding side

to a pre-tax profit increase of 29 per cept, from £3.37m to £4.33m, in the year ended March 31 1986.

The group, which is develop-ing its corporate strategy ready for a full listing, has other interests in filtration, DIY and its turn liquid fuel distribution, and its overall turnover moved ahead 30 per cent to £56.7m.

Mr Ronald Alexander, chair-Mr Ronald Alexander, chairman, said the exceptional performance in coachbuilding turned a £241,000 loss into a £812,000 profit. Only 31 per came to 20.9p (17.7p) and the cent of production at Falkirk was devoted to traditional stage-carriage bus bodies, the rest being double-deck kits for the Far East, minibuses for the UK and railbuses for British Rail.

A £1M turnround in the by £1.5m to £9.5m, but profits were down slightly because of the Walter Alexander group to a pre-tax profit increase of 29 per cent, from £3.37m to £4.33m, in the year ended March 31 1986.

The group, which is develop-Despite falling fuel prices, liquid fuel distribution raised its turnover and maintained its

sales now that oil prices had become very competitive with natural gas.
After tax £1.44m (£830,000)

In filtration, turnover rose further increase in profits.

Sycamore falls back into the red for first half

Sycamore Holdings returned were eliminated following a to losses in the first half of refund of pension fund 1985-86, after reporting a profit surpluses of £1.76m. The for the second half of the balance was used to reduce previous year.

Turnover, partly reduced by the sales of the appliance and flatpack kitchen furniture £737,000, when there was a business in February and a share of associates profits April last year, fell to £2.41m £48,000. The finance charge (£7.37m). The loss before tax down at £46,000 (£207,000).

over was achieved by Watsham's in the year ended March 31 1986, and the rate of profit growth almost kept pace. Trading losses were £155,000, compared with the previous £737,000, when there was also a share of associates profits of £48,000. The finance charge was was £212,000. down from the comparable £896,00.

Again there is no interim dividend. The last payment was 0.1p in respect of the 1983-44 (18.28p losses). Before the extraordinary item, the loss per share of 17.04p (18.28p losses). Before the extraordinary item, the loss per share of 17.05p)

Adjustment reflected a The board said that good progress had been made following the sales last year. During the period borrowings of £1.22m is trading profitably. share was 251p (10.59p).
Of the present half year the directors say that the company ment of development expendi-ture on certain major projects. Expenditure was now written off in the year it was incurred

BOARD MEETINGS

I
TODAY Interims: Burmatux, Child Health Research Investment Trust, Commer- cisl Bank of Wales, D. J. Security Alarms, National Westminster Bank,
Radius, Spiash Products, Webber
Electro Components. Finals: Alva Investment Trust, Dee
Corporation, Gold Greenless Trott, Havelock Europa, Hidong Estate, Eliza
Tinsley.
FUTURE DATES
Atlantic Computers Aug 20

Plastic Constructions Prudential

APPOINTMENTS

Esso UK retail director

petrol outlets in the UK. He replaces Mr Nigel Groundwater, funds: Mr Keith Baker, executive who has accepted the appointment as vice president, Esso Africa Inc. Mr Ledlie has held a number of managerial positions within Esso UK, including divisional director marketing operations, and in Esso Europe Inc, where he was commercial manager, supply in the petroleum products department, prior to this appointment.

He sions, unit-linked and unit trust funds: Mr Keith Baker, executive director (UK equities) with special responsibility for segregated fund clients, and Mr Sellards, executive director (Europe).

Dr Sam Marshall has become managing director of HONEY-WELL CONTROL SYSTEMS. Dr Marshall's appointment full must trust funds: Mr Keith Baker, executive director (UK equities) with special responsibility for segregated fund clients, and Mr.

With the reorganisation of PATERSON FOODS, Mr Ryder Forsyth has become commercial director. He joins from Beechams Bottlers where he was marketing

Mr David Dixon, recently appointed chief executive of IOM STEAM PACKET SEA-WAYS, is to join the board. He replaces Mr Mike Stracey, who has resigned.

The Sun Life Group has made Ltd. the following appointments to the board of SUN LIFE INVEST-

This notice appears in accordance with the requirements of the Council of The Stock Exchange.

The Council has admitted the securities mentioned below to the Official List.

Barker & Dobson Group p.l.c. (Incorporated in England No. 221722)

Issue of 611,895,940 new ordinary shares of 1p each by way of rights to bolders of ordinary shares in connection with the acquisition of Budgen Holdings

Details of the above securities will be contained in the new issue cards to be circulated in the statistical service maintained by Extel Statistical Services Limited. Copies of the listing particulars relating to the issue may be obtained from the addresses below up to and including 12th August 1986 and also from the Company Announcements Office, The Stock Exchange, London EC2P 2BT during the two business days following the date of publication of this notice.

> Barker & Dobson Group p.l.c. P.O. Box 49, Huntley Mount Road, Bury, Lancashire BL9 6XL

Kleinwort Grieveson and Co. 20 Fenchurch Street, London EC3P 3DB

TENNECO

29th July 1986

Tenneco inc



Kleinwert Benson Limited

20 Feachurch Street,

London EC3P 3DB

The 1986 third quarter dividend of 76¢ per share on the Common Stock will be paid September 9 to stockholders of record on August 8. About 194,000 stockholders will share in our earnings. Karl A. Stewart. Secretary

ESSO UK has promoted Mr David Ledlie to divisional director retail. He will be responsible for the network of Esso petrol outlets in the UK. He subsidiary company its acquisition by Ensign Trust, is responsible for investment man. Mr Geoffrey Musson, chairman; agement of the group's life, pen. Mr Anthony Charles Hobbs

WELL CONTROL SYSTEMS. Dr Marshall's appointment follows the death of previous managing director, Mr Lealle Forrester, earlier this year. Dr Marshall was appointed director and general manager, Scottish factories, in 1984. Mr Tom Frame, previously director manufacturing division at the Newhouse computer plant, becomes director and general manager Scottish operations, and Mr Brian England, formerly director, marketing, at Honeywell Information Systems, has been appointed director, marketing, Honeywell Ltd.

Mr Peter Lipman has been appointed managing director of KIRKLAND-WHITTAKER (CUR-RENCY DEPOSIT BROKERS) and Mr David Andrews has been

Mr R. M. Woodhouse has been appointed an additional deputy chairman of COURTAULDS from

August 1. He is chairman of Courtaulds Fibres and of BCL.

director and deputy managing director of BOYAL LIFE HOLD-INGS LIMITED from August 1.

UNITED SCIENTIFIC HOLD-UNITED SCIENTIFIC HOLD-INGS has appointed two non-executive directors to the board of its French affiliate, Sopelem: Mr Guy Brana, president of the Economic and International Commission of CNPF (the French CBI) and a director of Thomson Brandt and Thomson CSF, and Mr Hearl Bernet, director of the Compagnie

and Mr Michael Banks, deputy managing directors; Mr Jon Supran, treasurer, Mr Philip Henderson and Mr Robert Fawcett.

(6.4p) per share.

Mr Mare Cramsle from the corporate finance division, is figuring the board of KLEIN-WORT BENSON.

The following have been appointed to the board of BUPA HOSPITALS Mr Eric Stevenson (development director). Mr Peter Reeves (commercial director), Dr Eric S. Blackadder and Mr Simen Cex.

THORN EMI has appointed Mr. P. I. Hayman director, corporate projects. He will be involved in a wide range of corporate activities and developments, particularly acquisitions, disposals and new returns. Appointed chair. new ventures. Appointed chair-man of THORN EMTs Metal industries Group in October 1983, Mr Hayman successfully implemented the planned divest-ment of these operations, a com-plex disposal programme which culminated with the sale of Metal Industries Let this month.

and Mr David Andrews has been appointed managing director of KIRKLAND - W HITTAKER (FOREIGN EXCHANGE BROKERS). Both companies are subsidiaries of Kirkland-Whittaker Group, the London-based money broker.

* Mr G. R. D. Hews has stepped down as chairman of KENT MESSENGER but remains a director. He is succeeded by Mr Edwin Boorman. Mr P. H. Edgley and Mr W. J. Dorrell have been appointed joint managing director. appointed joint managing directors. Mr Dorrell will be responsible for operations and Mr Edgley for all other management ereas. Mr Edgley will also act as deputy chairman.

In Carl Zeiss Stifftung v Rayner and Keeler (No 2) [1967] AC 853 the House of Lords held that the English courts could take cognisance

ALPHAMERIC has appointed Ms Kate Fraser and Mr Jerry
Wood have been appointed directors of GOOD RELATIONS CITY.

Mr W. Scanlon is appointed a Bishopsgate Terminals; Mr Ernie director and deputy managing Harris who becomes divisional director of ROVAL LIFE ROLD. director responsible for manufacturing and Mr Alain Reynal, managing director of Alphameric in France.

The new board of COMMONWEALTH DEVELOPMENT COMMERCE.

FT LAW REPORTS

Homeland's standing in **English courts**

GUR CORPORATION V THE While turnover at Marling Industries, maker of industrial textiles and safety products, rose by 33 per cent to £40.94m in the year ended March 31 1986, pre-tax profits were up by a modest 6 per cent at £2.12m, compared with £2m previously. The directors explained that the difference was largely due to pressure on margins as well as an unsatisfactory perform-TRUST BANK OF AFRICA LTD AND ANOTHER Court of Appeal (Sir John Donaldson, Master of the Court or Appleading the Domaidson, Master of the Rolls, Lord Justice Glidewell): and Lord Justice Glidewell): July 22 1986

THE REPUBLIC of Ciskel is a subordinate body of the South African state in that South Africa is estitled to exercise severeign authority over the territory, though in fact it may not do so; and it therefore has status to participate in English proceedings, though unrecognised as a government by the UK.

The Court of Appeal so held

an unsatisfactory performance by the French subsidiary. In the current year, sales have continued to rise.

Actual earnings per 10p share increased to 8.21p (7.36p) and fully diluted earnings rose to 7.63p (6.81p). The year's dividend is lifted 17 per cent from 1.5p to 1.75p net with a final of 1.05p (0.9p).

At the operating level, profits climbed from £2.5m to £3m, before higher interest charges of £1.04m (£684,000). Preacquisition losses of subsidiaries were £2,000 (£58,000), while share of associates' profits added £151,000 (£125,000).

Tax took £867,000 (£378,000) The Court of Appeal so held when allowing an appeal by the defendant, the Trust Bank of Africa Ltd. from Mr Justice Stepn's decision that the Gov-ernment of the Republic of Cisket (second defendant and third party) had no locus stoud to participate in proceedings grising out of a guarantee issued by the bank in favour of the Republic at the request of the plaintiff, GUR Corporation. Tax took £867.000 (£878.000) (same) and extraordinary debits a Panamanian company. The bank appealed with the support able profits were little changed at £1.03m (£1.02m). Dividends absorb £264,000 (£226,00). of the other two parties.

SIR JOHN DONALDSON said siR JOHN DONALDSON said that GUR had contracted to build a hospital and two schools in Ciskei, Southern Africa. It asked the bank to issue a guarantee in favour of the building owner, the Department of Public Works of the Republic of Ciskei. The guarantee had an expiry date.

an explry date. The London branch of the bank issued a guarantee but required GUR to give a counter guarantee and to deposit \$300,000 as security. its pre-tax profit from an adjusted £1.88m to £2.62m. In due course, the building owners demanded payment under the guarantee. The bank

declined to pay on the ground that no valid demand had been made before expiry of the Litigation ensued in which all three parties were before the court. The matter came before Mr Justice Steyn. As a

As forecast in the mid-year statement, the final dividend is 2.4p on the higher capital to preliminary point he tried the issue of whether the building owner, which called itself the Government of the Republic of Ciskei, had any locus standi raise the total from 3p to 3.6p net. Gross profit for the year came to £9.9m (£6.98m). Tax took £962,000 (£719,000) and left the net balance at £1.66m (£1.16m, in English courts. He decided it had none. In 1961 South Africa became

an independent republic outside the Commonwealth. Its territory included the territory of the Ciskel In 1981 the South Africati. Government passed the Status of Ciskel Art. which purported to declare that the territory of the Ciskel Commonwealth and a supergion and or £1.37m on old expenditure policy). Earnings were 7.9p

stituted a special and independent state.

The Act also purported to empower the legislative Assembly of Ciskei to legislate for Ciskei. In reliance on that power the Assembly passed the Republic of Ciskel Constitution Act 1981, which by section 34(1) authorised the President of Ciskei to establish departments of state. The Department of Works, which was the beneficiary named in the bank's

guarantee, owed its existence to that provision.

The Republic of Ciskei was recognised by South Africa. The UK however, had issued a statement in Parliament in April 1980 that it would no longer accord recognition to governments.

In letters of May 1 and May 9, 1986 addressed to the bank's solicitors, the Foreign and the British Government recognised states but so far as governments were concerned its attitude was to be inferred from the nature of its dealing with the regime concerned. It said the British Govern

ment "has not recognised as independent sovereign states Ciskel or any of the other Homelands established in South Africa . . and does not have a formal position as regards the exercise of governing authority over the territory of Ciskei." It said the Government had made representations. had made representations to the South African Government in relation to certain matters in general received any positive

KAPITI has appointed Mr
Dick Willott as managing director. Mr Willott succeeds Mr
John Kennedy, who founded Kapiti and is taking the position of the UK pump division of the SULZER BROS. (UK). He succeeds Mr Bill Walton, joint managing director, who will become of the tot of the UK pump division of the succeeds Mr Bill Walton, joint managing director, who will become non-executive chairman of the UK pump division. Mr Thomas elected president of THE UK pump division. Mr Thomas elected president of THE Was formerly with Mather and Platt, where he was general TRICAL MACHINERY TRADES for 1986-88 in succession to Mr

ALDHAMPUIC TRADES in succession to Mr

ALDHAMPUIC Thomas has been of the legislative authority of the German Democratic Republic (GDR) because, while they could not treat it as a sovereign state, they could not treat it as having effective legislative powers as a subordinate body which the USSR had set up to act on its behalf.

Lord Reid said "The GDR was set up by the USSR and it derived its authority and der derived its authority and status from the Government of the USSR. . But the certificate of our government requires us to hold that it was not set up

> to the holders of Citizens Fidelity Corporation 84% Convertible Suberdia: Rebentures Dag 2005 NOTICE IS REREEY GIVEN that the in-tial Conversion Price of \$33.00 specified in the above Debentures has been adjusted and changed to \$22.00 effective to February 10. 1956 by virtue of the three-for-two split of Common Stock of Citizens Fidelity CITIZENS FIDELITY CORPORATION

NOTICE

as a sovereign state because it requires us to hold that the USSR remained de jure sovereign. The courts of this country must disregard any declarations of the Government of the USSR in so far as they conflict with the certificate... and we must therefore hold that the USSR set up the GDR, not as a sovereign state, but as an organisation subordinate to the USSR... and we must regard the acts of the GDR... as the acts done with the consent of the Government of the USSR... and we must regard the Government of the USSR with the courts of this could be revoked in the same way as it had been conferred... So,... the courts of this

the Government of the USSR country cannot treat as multi-ties acts done by or on behalf of the GDR. was an essential difference between Carl Zeiss and the

present case. He said that in Carl Zeiss there was a conclusive certificate that the USSR still exercised governing still exercised governing authority in the GDR, whereas in the present case there was no certification to the effect that South Africa was still the governing authority in the Ciskel. Nor was there any material before the court from rial before the court from which the inference could be drawn that South Africa was still the governing body of the

He said it followed that the line of reasoning which pre-vailed in Carl Zeiss was not apposite in the present case. In fact what was certified in Carl Zeiss was that the USSR was de jure entitled to exercise overning authority in the Eastern zone, not that it did so. In the case of the Ciskei territory similarly there was no certificate that South Africa in fact exercised governing authority. What was left to be inferred from the Eastern zone certificate was expressed in the

Ciskei certificate—"does not have a formal position as regards the exercise of governing authority." In each case the certificates were conclusive that the GDR or the Clakei were not recog-nised as independent sovereign states. It followed that the courts must hold that neither the GDR or its government, nor the Republic of Ciskei or its government, was in law capable of an executive, adminis-

trative or legislative act at the relevant times, unless enabled by some superior authority. In the case of the GDR, the certificate pointed expressly to where that superior authority was to be found, namely the USSR. The question was whether the Ciskei certificates pointed to any superior authority of which the courtscould take cognisance as supplying authority to enable the Ciskei to undertake executive,

The court must disregard any

urige: John Laws (Treasury administrative or legislative

The certified fact that the Mr Justice Steyn said there British Government had made representations to the South etween Carl Zelss and the African Government in relation. to certain matters occurring in Ciskel gave rise to a clear inference that the government regarded South Africa as con-tinuing to be entitled to exercise sovereign authority over the territory.

The further certified fact that the South African Government had not in general made any positive response gave rise only to an inference that it was only to an interence that it was not in general willing to exer-cise the authority which it had de jure, preferring to leave that to the government of Ciskei. That was immaterial for no de jure governing authority could disclaim responsibility for acts done by subordinate bodies which it had set up and which had not attempted to usurp its authority. There was no evi-dence that Ciskei had attempted to do that.

It followed that the legal status of the Republic of Ciskei and its government was indis-tinguishable from that of the in Carl Zeiss.

The appeal should therefore be allowed. The government of Ciskei had locus stands in the English courts as a subordinate body set up by the Republic of South Africa to act on its behalf. LORD

question posed distinguished between entiflement to exercise and actual exercise of govern-ing authority. LORD JUSTICE GLIDEWELL

agreeing said that it was essen-tial to bear in mind that the

For the bank: Peter Cressmel QC, Elihu Lauterpacht QC and Lohn Janus (Durrant Piesse) For Ciskel: Simon Tuckey QG and Anthony Temple QC (Barlow Lyde & Gilbert) For GUR: Antonio Bueno

aiso agreed.

By Rachel Davies

(Victor Mishcon & Co); Amicus

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July 29, 1986 By: Citibank, N.A. (CSSI Dept.), Agent Bank

THE FINANCIAL TIMES is proposing to publish a Survey on THE WORLD ECONOMY on Monday, September 29, 1986 Advertising copy date for this Survey is Friday, Angust 15, 1986

For further information contact: Hugh Sutton Financial Time Bracken House
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LONDON RECENT ISSUES

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7.7.

DOWN

- 1 Curry is attractive (3, 5)
 2 On edge—applied to seat? (8)
 3 Review History? Lack book (suitable edition) (4, 4)
 5 Stole, not soft, showed small signs of getting closer (6)

- ACROSS

 1 I'm recalled in religious sermon, and ... (6)
 4 ... I could have delivered it (8)
 9 Trout being initially different fish? (6)
 10 City district unmoved, yet could be rapturous (8)
 11 Hat for character (6)
 12 Spots losing second. Another second? Feeble (8)
 13 Plot course for a teacher (3)
 14 RN face upset in certain country (6)
 17 Government citadel (7)
 21 Fruit sponge from Batn? (6)
 25 The aim in spending? (3)
 26 Reformer and child painter (8)
 27 Tail of cat by a slipper?
 Could be lucky (6)
 28 Free admission for draughts? (4, 4)
 29 Bernard's back with hypocritical sniff (6)
 30 25 down warship (8)
 31 Animal's expression of agreement at sea (3-3)

 DOWN

 6 A number admitted bashing tin, followed by pain, we hear (6)
 7 Sir is guided by bird (6)
 8 Tyres can be in car set, perhaps (6)
 12 Men fret about work (7)
 15 Little bit of work contributing to energy (3)
 16 O for a score! (3)
 18 Man stands up for lady famous in the forties (8)
 17 Those given out are not to be sniffed at! (8)
 28 Those given out are not to be sniffed at! (8)
 29 Told to be tactful? That can't be true (5, 3)
 21 Imitative from choice, maybe (6)
 22 Free admission for SOLUTION TO PUZZLE No. 6,084

 A A MAD S C A Number admitted bashing tin, followed by pain, we hear (6)

 8 Tyres can be in car set, perhaps (6)
 19 The about work (7)
 11 Little bit of work contributing to energy (3)
 18 Man stands up for lady famous in the forties (8)
 19 Told to be tactful? That can't be true (5, 3)
 20 Imitative from choice, maybe (6)
 21 Expression for SOLUTION TO PUZZLE No. 6,084

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 22 Men fret about work (7)
 23 Man stands up for lady famous in the forties (8)
 24 Told to be tactful? That can't be true (5, 3)
 25 Imitative from choice, maybe (6)
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 29 Told to be tactful? That can't be true (5, 3)
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Sanctions threat halts Icelandic whaling

THE ICELANDIC Government has ordered its whaling fleet to suspend operations in response to a US threat to impose a crippling boycott on its fish products, the country's main source of income, reports Reuter from

Mr Steingrimur Hermansson, the Prime Minister, said the suspension had been ordered reluctantly under strong US pressure and accused the US Government of adopting high-handed methods against a friend and a Nato ally.

Mr Halldor Asgrimsson, the Fisheries Minister, said Iceland would have to reconsider its entire relationship with the US.

Iceland had agreed in principal to go along with an Inter-national Whaling Commission (IWC) moratorium on whaling but had planned to allow the catching of 80 fin whales and 40 sei whales a year for "scientific purposes."

US officials said last week that no decision had been reached on whether this "scientific" catch violated the IWC moratorium. but Mr Hermansson said yesterday this was not true

LONDON METAL EXCHANGE WAREHOUSE STOCKS (Changes during week ending last Friday)

	(CINICI)
Aluminium	1,100 to 034,250
Copper	2,075 to 153,450
Lead	−200 to 39.975
Nickel	+846 to 5,520
Tin	945 to 49,440
Zine	900 to 28,850
	ounces)

Australia to lobby US on grain subsidy plan

AN AUSTRALIAN parliamentary delegation leaves for washington tomorrow to lobby the US Congress against the proposed extension of US grain export subsidies to include the Soviet Union and Chine

Soviet Union and China.

The all-party delegation, headed by the Primary Industry Minister, Mr John Kerin, will seek to persuade "key congressmen" of the "devastating consequences" for Australia of the US expert saw the EEC as the chief archiconsequences" for Australia of an extension of the US export enhancement program (EEP) to include communist countries. The Soviet Union and China are Australia's biggest wheat markets, accounting for around 40 per cent of export sales worth morethan \$1bn (\$420m)

markets, accounting for around
40 per cent of export sales
worth morethan \$1bn (5420m) too hopes the US might be pera year.

Canada has also protested to
the US and Mr Bob Hawke, the
Australian Prime Minister, has
supplied world market.

Australian rice, cotton and barwheat because of the EEP.



Third world food gap warning

BY RICHARD MOONEY

rise to 1.47bn tonnes from 341.9m while a 17 per cent increase in per capita consumption widening of the North Africa/ most of the projected deficit is attributed to the North Africa/Middle East region, where the shortfall is expected to grow from 18.9m tonnes to 64m by the year 2000. Mr Paulino predicts that Asia (including China) will have turned capita consumption, however.

Mr Paulino expects the way of any substantial gains from this technology. Mr Paulino warns.

He also stresses the need for improvements in the provision of food aid if future food needs are to be met.

Paulino predicts that Asia (including China) will have turned capita consumption, however.

Iarly in the Sahel, may stand in the way of any substantial gains from this technology. Mr Paulino warns.

He also stresses the need for improvements in the provision of food aid if future food needs are to be met.

Pood in the Third World:

Past Trends and Projections to 2000; IFPRI, 1776 Massachusetts Ave., N Wwashington DC 20036.

THE THIRD world's food supply gap is likely to be one third larger by the year 2000 than it was in 1980, according to a report's published by the International Food Policy Research Institute (IFPRI).

The report's author, Mr Leonardo A. Paulino, forecasts that production of staple foods in developing countries will rise to 1.47bn tonnes from 841.9m while a 17 per cent increase in per capita consumption, however.

Mr Paulino expects the widely in the Sahel, may stand in the way of any substantial gains from this technology, Mr Paulino warns.

Most of the projected deficit into a sing by only a little more than 7 per cent. The report says that subscharan Africa will face the tonnes. For Latin America he most serious food problem unless its production trends improve or its population growth decreases. The region deficit of 8.2m tonnes.

The overall figures disguise widely differing trends in per capita consumption, however.

Mr Paulino expects the way of any substantial gains from this technology, Mr Paulino warns.

He also stresses the need for consumption per head. But he

Feed trade feels victimised by grain tax

BY JOHN BUCKLEY

— believes it has emerged as the main victim of Europe's latest measure aimed at control-ling the grain surplus: the so-called co-responsibility levy. The principle of "CR," as the

befired over the past two years by milk production quotas — believes it has emerged as the main victim of Europe's latest measure aimed at controlling the grain surplus: the so-called co-responsibility levy. The principle of "CR," as the new tax on ctreals production, which took effect on July 1, has become known in the tradicional nanufactured which took effect on July 1, has become known in the tradicional nanufactured of the restraint or generate extra cash to displace of the surplus.

But it is the way in which took where the extra cash to displace of the surplus.

But it is the way in which took where the extra cash to displace of the surplus.

But it is the way in which took where the extra cash to displace of the surplus.

But it is the way in which the tradicional recompounders increasingly up in arms. In the UK, where the feed industry stands to suffer more than most, one large compounders increasingly up in arms. In the UK, where the feed industry stands to suffer more than most, one large compounders increasingly up in arms. In the UK, where the feed industry stands to suffer more than most, one large compounders increasingly up in arms. In the UK, where the feed industry stands to suffer more than most, one large compounders increasingly up in arms. In the UK, where the feed industry stands to suffer more than most, one large compounders increasingly up in arms. In the UK, where the feed industry stands to suffer more than most, one large compounders fear that it will add about if a tonne to the feed industry stands to suffer more than most, one large compounders fear that it will add about if a tonne to the feed industry stands to suffer more than most, one large compounders fear that it will add about if a tonne to the feed industry stands to suffer more than most, one large compounders fear that it will add about if a tonne to the feed industry stands to suffer more than most, one large compounders fear that it will not help in the present atmosphere of ferce competition in the feed.

And compoun levy.
"The tax appears to be

EUROPE'S multi-billion-dollar of farmers who mix their own the first buyer pays the tax — another during the course of a animal feed industry — already buffeted over the past two been made exempt from the page by milk production quotas by milk production quotas by milk production quotas animal feed. The latter have which places it almost solely on season." says Mr Rutherford, the compounders. "Instead of who concludes, "It is clear that a producers' tax it will become despite the fact we are all a producers' tax it will become a processors' tax," Mr Rutherford says.

Meanwhile, in West Germany

Meanwhile, in West Germany

Meanwhile, in West Germany

A suitable case for intervention

To the Commodities Editor from John Cherrington:
The enclosed is a rough translation of a long paper in Eurospeak which I found hidden in speck which I found hidden in my copy of Green Europe, or maybe some other part of my massive EEC propaganda postbag. It does seem to point to one solution of the perennial agricultural problem as the initials CAP can apply equally well to agriculture and automobile.

ponents and assembly. Automobiles are not perishable, to combine to form critical operation could come from the Although some areas lead do not make people ill or over groups, hostile to established sale to enthusiasts of genuine, themselves to automatical fat and their lack of numbers government. themselves to automatical this is mainly in primary manufacturing. Their demands for fuel, servicing, roads, blunders d bridges and the like absorb a to starve.



in underprivileged societies. It would be essential of mobiles, which could be 50 or because of administrative course to ensure that Comeven 100 years old. blunders does not cause people munity manufacture should not. In other words the auto-

suited to the provision of driv-ing areas and the more physically difficult they are, the more the under-employed engineering resources of the Community could be put to use.

We have been giving a great
deal of thought to the funding
of this operation and believe we have solved the problem. Intervention is of course the back-bone of the system and Ant-arctica, which largely belongs to members of the Community (or at least they lay claim to it) would be the ideal storage agricultural problem as the initials CAP can apply equally the proportion rises towards well to agriculture and autoaction and other points east.

It has long been felt that the Common Agricultural Policy. This has generated a lack of balance in the whole planning and budgetary process which has led to dissensions between member states and between industrial and rural community to the proportion rises towards removes a large area of excess the back to course the back to mark a farm production, the cost of disposal of which must cumulatively exceed that of covering to members of the Community (or at least they lay claim to member states and between as would arise because of society is overwhelmingly in subzero temperatures, withat all why export restitutions believe that this criticism is should not be used to reduce ill-founded. Although at first mater that manmated that automobiles stored

member states and between industrial and rural communistics in the Community. To climinate these causes of friction we propose a "Common Automobile Policy."

A thriving automobile were do not foresee the sort A to B and back again, or even of storage and disposal problems faced by those responsible for the orderly elimination of modern manufacturing in the provision of come dered by the existing CAP. of modern society are unlikely round that automobiles stored in this way could be reconstituted once a suitable period is passed by rendering them down into their component elements and rebuilding them, a process which we understand only loses some 5 per cent of the original operation could come from the provision of come and assembly. Automobiles are not perishable.

blunders does not cause people bridges and the like absorb a large proportion of the manpower of most industrial power of most industrial common Agricultural Policy there seems to be no decrease in the demand for automobiles in the demand for automobiles in the developed world. In Europe in the developed world. In Europe in the developed world in Europe in the developed world. In Europe in the developed world in Europe in the food, it is agreed by the server on food it is agreed by the standards such as emmission that our ald programme should be destroyed by third country imports and for this we would probably be self-perpendent world be destroyed by third country would probably be self-perpendent to some authorities, could absorb resources from agriculture to control colour-and anything else in the developed or undeveloped world. In Europe ites, Here is where the two one family in three has a motor.

CAP's could be integrated. Too would probably be self-perpendent to tarriff, supported by quality standards such as emmission resources from agriculture to control colour-and anything else in the developed. The consequent developed. The consequent developed. The consequent developed world. In Europe ites, Here is where the two one family in three has a motor.

CAP's could be integrated. Too would probably be self-perpendent to tarriff, supported by quality standards such as emmission resources from agriculture to control colour-and anything else in the extent that food shortages that our ald programme should market prices could save the community budget the three-powers are spent on food surpluses. This must be the ultimate soling the destroyed by third country would probably be self-perpendent anything else the extent that food shortages the extent that food shortages that our ald programme should market prices could save the community budget the three-powers are spent on food surpluses. This must be the ultimate soling the destroyed by third country would probably be self-perpendent and according to some autho

LONDON **MARKETS**

THE COCOA futures market maintained its recent firmer trend yesterday belped by sterling's weakness and a firm tone in the New York firm tone in the New York market. Sentiment was also aided by the removal of any lingering doubts about the future of the International Cocca Agreement with the Ivory Coast's confirmation at the weekend of its intention to participate in the new pact. Loudon cocca prices finished below the day's highs but the September futures position was still up £14 from Friday's close at £1,447,50 a tonne. Coffee prices fell back a little following Friday's strong Coffee prices fell back a little following Friday's strong gains with the September futures position ending £16 down at £1,893.50 a tonne, in spite of the upward pressure provided by sterling's weakness. On the London Metal Exchange aluminium prices moved higher again, with the eash quotation closing £5.50 up on the day at £768.50 a tounc.

LME prices supplied by Amalgamated Metal Trading. **ALUM!NIUM**

		Unofficia close (p. r £ per) + of n.) tontie	High / low
	Cash Smonth 9			758 777/762
3	/758.8 51:	three m	Optils 777	sh 761.5-2 2-2.6 (766- .5), Final er: 11,600
-	COPE	PER		

COPPER							
Grade A_	Unoffic'i	+ or	High/low				
Cash 5 months	close 897,5-8,5 916,5-7	+1 +1.25	919/896				
Official cli (897.8); thri 5.5); settlem Close: 916-7.	osing (er se month ent 897 (m): (is 915 (898).	aah 896- 5-6 (915 Final Ker				
Standard		_					

Gasn 3 months	889-91	-0,5	284,51916
Official c (868.5-9); 90); settler ducer price Total turnor	three mor near 866.5 s 62.50-67	itha 889 i (869). cents p	US Pro-
LEAD			
U	nofficial	+ or	

	Unoffici: close(p.r £ pe	af + or n.) — r tonne	High/low
months Official (48.5-50) 5): set	closing ; three tilement see: 285	(am): Co months 25 252.6 (7 -8, Turno	266/852 esh 252-2.5 8-8.5 (255- 50). Final ever: 7,275 cents per

	Unofficial + or close(p.m.) — £ per tonne	High/low
Cash 3 months	2660 2 +3.6 2700-5 +6	2669 2705/2656
(2652-5); 1 lettiement	closing (am): Cs bres months 2700-5 2666 (2655). Fl 0-700, Turnover: 42	i (2695-7): Inal Kerb

INC		
gh	Unofficial close(p.m.)	+(

High grade	Unofficial +or close(p.m.) — ··· £ per tonne	High/ low		
Cash 5 months	546-7 —8.5 542,5-3 —7	546.5 548/628,6		
Official closing (am): Cssh 545-8 (555-8): three months 541-1.5 (543.5-50): settement 548 (555). Finsl Kerb Close: 541-2. Turnover: 6.475 tennes. US Prime Western: 41,50-44.75 cents per pound.				

GOL	D				
	gained !				
the Lon					
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metal or					
a low o	1 \$3484	3484.	t WES	fixed	a f
\$350.80					
the etc	ernoon,	touchin	9 . I	peak .	ø
\$3544-35		raders n	noved 1	O COY	8
short or	3612003.				

more poeragmen				
OLD BULLION (fine our	nce) July 28			
Hose 8365 4 58354 Opening \$348 4 349 N'n' g fbr. \$350.80 N't'n 'n'nx \$353.60	(£2391 ₉ -240) (£2371 ₉ -258) (£238,234) (£240,217)			
GOLD AND PLATINUM COINS				
rg'rnd.8551.868 Krug, 81864-1861 ₂ Krug, 894-95	(£2374-2384) (£1254-126) (£631 ₂ -644) (£631 ₂ -644)			

Silver was fixed 2.8p an ounce higher for spot delivery on the London buillon market yesterday, at 339.55p. US cent equivalents of the fixing levels were: spot 501.60c, up 0.90c; sixmonth 517.30c, up 0.90c; and 12-month 517.30c, up 0.90c; and 12-month at 3407-342p (500-500c) and closed at 3397-341p (501-503c).

SILVER per troy oz	Bullion Fixing Price	+ 67	L.M.E. p.m. Unoffic'i	+
Spot 3 months. 6 months. 12 months	339.95 p 348.05 p 356.36 p 373.80 p	+3.60 +4.66 +4.25 +4.25	339.00p 347.28p —	‡1 <u>,</u>
		- /4\	Jeta et 1	~~

Three month high 347, low 338.5, final kerb 348-8p. MEAT

Live pig prices closed slightly weaker due to light hedge selling but deadweight closed on a firmer tone closing 2p higher. Live cattle closed slightly weaker without trading, reports Eastern Capital CCST. y. Pig sales: 52 (55) lots of 3,250 kg.

US MARKETS INDICES NEW YORK precious metals,

REUTERS July 26 July 25 Mith ago Year ago 1465,01451.1 1438,9 1686,8 (Base: September 18 1931 = 100) DOW JONES Dow | July July Mith Year Jones 25 24 ago ago Spot 125.83 126.44 - 115.06 Fut :116.04 115.68 - 115.13

MAIN PRICE CHANGES

(Base: December 31 1931 = 100)

	July 27	+ 01	NOT
_	1986	_	B B
METALS			
Aluminium	<u>.</u>	,	: - -
Free Market	81220/240		81243/
Copper		i	•
Cash Grade A.		'+I	€897
Z metha	£916.75	+1.25	£919.
Gold Troy oz	9353.6	+ 5.76	3344
Lend Cash		146	£270.
3 mths		±6.25	£272
Nickei			
Free Mkt		_2	184/20
Palledium oz	ST 12.00		\$111.
Platinum oz		+3.75	8458
And ale allegant	E 1 70 / 185		'921 5/2
O: have arrow on	270 950	1 X S GO	337.2
shinom 5	348.050	+4.86	345.0
Tip			
free mkt		L	E45844
Tungsten	854.48		258.7

	free mkt	\23840 <i>i</i> 881	ц	EGRANIE
,	Tungster	. 854.42	i	258.73
	Wolfram 22,815.	\$42:50	·	842/50
	Zinc	.,2546		£511.0
	3 months	. 2543.70	<u>⊢</u> 7	£516,5
	producers .	5840		8840
	OILS			
w	Coconut (Phil) Paim Malayan	\$245w \$212.5z	+ 12,5	\$255 T
_	Copra Phil	5140y	- +3	\$160 8153
	Soyabean (U.S.	19106A	'÷a _'	gruo.
•	GRAINS			
-2				·
₽.	Review Futt. Non	· `&103.5	>O.9a ∶	£98.05

2 3- 10 10	GRAINS Barley Fut. Nov. Maize Wheat Fut. Nov. No. 8 Hard Wint	£135 £104.6	O.55(J	£134,0 £99,40
<u>,</u>	Cocoa Ft. Sept Coffee Ft. Sept Cotton A Ind. Gas Oil Sept. Rubber(kilo)	21447 81893.5 56.60c 897.50 61.00p 8166.50	-18.9: +0.95; -8.00 +1.00; +10.00;	21684. 39.8 ₀ 5114.7 58p 6143.5

‡ Unquoted. † Per 75-lb flask. c Cents

COCOA

r	COFFEE
	A featureles day in very lig volume, reports Drexel Sumbon Lan
	bart. Ignoring a stronger dollar ti
•	market opened E8 higher, against a expected \$20 higher mixed selling
•	light volue took levels to the day lows by mid afternoon. A weakening
•	dollar encouraged the "C" contract t
	move higher and London followed t
5	close £14 lower on the day.
;	
	COFFEE Yesterday + or Business
	Close - Dros.

Sept Oct Nov Dec Jan Feb March April May June

POTATOES

COTTON

Seles: 2.110 (2.816) lots of 5tonnes. ICO indicator prices (US cents per pound) for July 25 Comp. daily 1979 156.76 (155.89); 15-day average 149.35 (148.12).

| 1.592 1.586| -1.6,0| 18.5-18.6 | 1.946-1.946| -6.0| 1856-1885| | 1.40| 11.40| 11.45| 11.56| 11.44| | 1.946-1.946| -1.0,0| 1956-1885| | 1.966-1.975| -1.1,56| 1956-1885| | 1.966-1.975| -1.1,56| 1956-1885| | 1.966-1.975| -1.1,56| 1956-1885| | 1.966-1.975| -1.1,56| 1956-1885| | 1.966-1.975| -1.1,56| 11.35| 11.00| 11.49| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | 1.966-1.975| | SOYABEAN MEAL Although prices moved higher through the day volunte was light. A wasker starting was the main influence but improved lets in the day to cause

i	some profit	t-taking, a		
		Y'sterd)ys close	+ 01	Business Done
		£ per tonne		
	August		+ 1.00	_
	October		+1.25	127.0
	Dec, Feb		: 무 였	127,5
		180,0 (81,6	+ 1.56	_
	dùne,		+1,80	129,2
	Atomiet	179R R.199 E	1 T 3 3 3 3 3 3	100 7

Sales: 195 (264) lots of 20 tonnes. **GRAINS**

_	WHEA		_		
		- •			VRLEY
	Moth	esterday's Close	+~	Yest'rdy' Close	* + •
;	Mar.,		+0,58	102,40 104,80 107,75 109,90	+0.1
2) BJ	Busi	iness done	+0.20	at: Sent	101.7
ı)	March Sales: Sept 1	110.05-0.0 69 lets o 102.25-1.95,	20, Ma f 100 t Nov	y 112.55 Jornes. 104.85-4,7	onis B arles O. Ja
-	107,80- 111.15 tonnes	-7.55, Mar only. S	ch 106 ales: 1	9.75 only 53 lots	of 10

111.15 only. Sales: 153 lots of 100 tonnes.

LOMDON GRAINS—Wheet: US Dark Northern spring No 1 15 per cent Aug 97.00, Sept 96.00, Oct 98.50 sellers, trenshipment East Coast. US No 2 ent red winter Aug 80.75, Sant 92.00, Oct 94.50 sellers. English feed fobspot 102.00 paid, Sept 102.30, Oct/Dec 108.25, Jan/Mar 13.50, Maste: US No 3 Yellow/Franch transhipment East Coast July 135.00. Bartey: English feed fob Sept 103.50, Oct/Dec 106.25, Jan/Mar 113.50, Rest unquoted.

HGCA—Herewith today's locational ex-larm spot prices: Feed bartey: Eastern 97.00, E Mids 98.50. The UK monetary coefficient for the week beginning Monday August 4 (based on HGCA calculations using 4 days' exchange rates) is expected to change to 1.143.

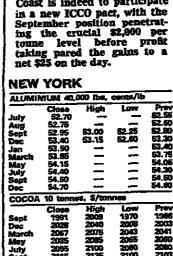
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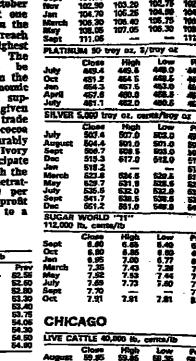
JUTE—July/Aug c and f Dundes: BTC \$370, BWC \$370, BTD \$330, BWD \$330; c and f Antwerp: BTC \$360, BWC \$350, BWD \$320, BTD \$320.

PHYSICALS—The London market opened unchanged with little or no interest throughout the day and closed dull, reports Lewis and Pest. Closing prices (buyers): Sport 51.00e (up 1.00e); Sport 50.00e (up 1.00e); Sept 60.00p (up 1.00e). The Kuala Lumpur

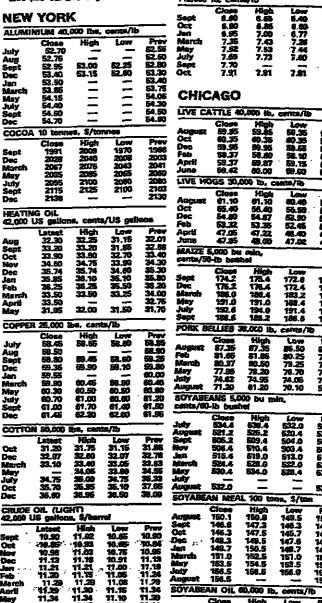
NEW YORK precious metals, with the lingering exception of silver, traded strangly, with both platinum and gold futures recording good gains following generally constructive pre weekend closes, reports Heinold Commodities. reports Heinold Commodities. Platinum finished almost 34 up in the leading October position whilst gold at one point leapt a full 36 in the spot August delivery to reach \$356.3 per ounce, its highest level since mid-March. The market appeared to be reacting to an article in the influential Barron's economic publication suggesting suppublication suggesting sup-port for precious metals given the extent of the US trade deficit. The New York cocoa market responded favourably to confirmation that the Ivory Coast is indeed to participate

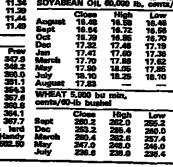
NEW YORK



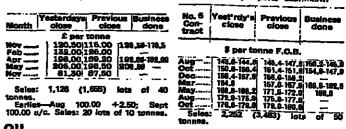


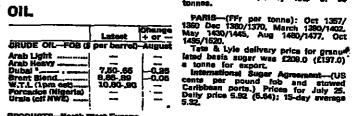
ORANGE JUICE



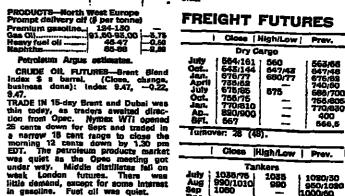


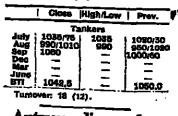
fob price (Malayelan centa per kg): SUGAR RSS No 1 222.5 (223.0) and SMR 20 194.0 (193.0). FIJTURES—Index 610, Aug 600-605, SED 580-598, Oot/Dec 582-587, Jen/ Merch 601-607, April/June 614-618, July/Sept 616-620, Selec: 5. LONDON DAILY PRICE flaw sugar S185.50 (£105.50) up \$10.00 (£3.00) s tonne for August-Sept delivery. White sugar \$196.00 (up \$6.00). Goodt rade buying lifted October to \$156 but New York falled to match up and prices fell, reports Czamikow.





FREIGHT FUTURES i Close [High/Low | Prev.

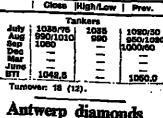




THE DIAMOND trade in Antwerp, the world's biggest polished diamond centre, is flourishing again after recovering from a scandal in which two men were accused of laundering undeclared profits.

Antwerp's Diamond High Council said that the first half of this year saw polished diamond imports rising 22 per cent in volume and unpolished imports 40 per cent while the corresponding increases for exports were 5.5 per cent and 17 per cent.

Antwerp diamonds



THE DIAMOND trade in Ant-

Tumover: 1,872 (868) lots of 100 onnes.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound at new lows

Australian dollar suffered from nervous selling on the foreign exchanges yesterday. Expectations of disappointing US economic statistics this week, including tomorrow's June trade figures, pushed the dollar down to a 5-year closing low DM 2.1135, from DM 2.1450. The US currency also fell to the lowest since October 1980, at SFr 1.7320; to FFr 6.8375 from FFr 6.9390; and to Y155.75 from Y157.60. On Bank of England figures the dollar's index fell to 112.7 from 113.4.

Oil provided further nervous-ness, as ministers from Opec met in Geneva amid strong doubts about their ability to reach agreement on production quota

್ತರ

the Australian Reserve Bank. The recovery followed the Australian Government's decision to relax foreign investment rules and to drop regulations imposing 10 per cent withholding tax on Australian borrowers on foreign markets. It was also aided by a rise to 16 per cent from 146 per cent in the Reserve Bank's Treasury note rediscount rate. The central bank also intervened to provide support for the Australian dollar. cuts.

The pound's exchange rate index fell 1.3 to 71.7, the lowest level since March 13, 1985, around the time of the last sterling crisis, when the pound was worth only \$1.0860. Sterling closed at a record low of DM 3.13 from DM 3.18, and also declined to FFr 10.13 from FFr 10.29; to SFr 2.5175 from SFr 2.5675; and

POUND SPOT-FORWARD AGAINST POUND

DOLLAR SPOT-FORWARD AGAINST DOLLAR

14.931-14.936 2-1gro pra 1.681-1.701, 0.23-0.18c pra

† UK and Instand are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Beigian rate is for correstable france: Financial franc 44.20-44.30.

£ | S | DM | YEN | F Fr. | S Fr. | H FL | Lira | C S | B Fr.

1. Month

7-6-7-6 7-7-12 4-13-47-8 9-9-12 6-12-6-6

Long-term Eurodollers: two years 7-7-1 per cent; three years 7-7-7-2 per cent; four years 7-7-7-3 per cent; five years 8-8'-2 per cent nominal. Short-term rates are cell for US dollars and Japanese yen; others two days' notice.

EURO-CURRENCY INTEREST RATES 7 Days

9;1-9;8 67;65;8 8 84; 51;4-61; 13-13-14 41;-41; 74-75; 103;-11-5;

| 1.4655-1.4820 | 1.4610-1.4820 | 2.4938-2.0562 | 2.0520-2.0500 | 2.50-3.550 | 1.5250-2.0500 | 2.50-3.550 | 1.5250-2.0500 | 2.50-3.550 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.5250-3.050 | 1.52

1.4820-1.4655	1.4510-1.4820	0.42-0.39c pm	
ratend†	1.3870-1.4035	1.4025-1.4025	0.45-0.39c pm
ratend†	1.3870-1.4035	1.4025-1.4035	0.45-0.29c pm
ratend†	1.3870-1.4035	1.4025-1.4035	0.45-0.29c pm
ratend†	1.3870-1.3890	0.23-0.29c dis	
ratend†	4.3851-2.3825	0.23-0.29c dis	
ratend†	4.5871-1.5314	0.35-0.326f pm	
ratend†	1.482-1.4732	1.4834-1.48334	0.450-0.9c dis
ratend†	1.482-1.4732	1.4834-1.48334	0.450-0.9c dis
ratend†	1.482-1.4732	1.4834-1.48334	0.450-0.9c dis
ratend†	1.482-1.4732	1.4834-1.48334	0.450-0.9c dis
ratend†	1.482-1.4732	1.4834-1.48334	0.450-0.9c dis
ratend†	1.482-1.4732	1.4834-1.48334	0.450-0.9c dis
ratend†	1.482-1.4832	0.450-0.9c d	

EXCHANGE CROSS RATES

p.a. months
3.28 1.24-1.19pm
1.17 0.55 0.40pm
4.25 4-34pm
2.69 49-35pm
1.27 4-34pm
-0.55 0.05-0.25dis
5.27 4-4pm
-6.29 180-455dis
-1.95 6-11dis
-4.51 12-13-15dis
-1.95 6-11dis
-4.51 12-13-15dis
2.52 57-53-pm
0.22 14-3-5-pm
4.53 27-27-pm
4.53 27-27-pm
4.53 27-27-pm
4.77 34-3-pm
4.77 34-3-pm
4.77 34-3-pm

7. Three
p.s. months
3.28 1.24-1.19pm
3.02 1.40-1.00pm
2.12 0.76-0.81dis
0.95 0.87-0.82pm
-0.55 5.6dis
-0.55 5.6dis
-0.55 5.6dis
-0.55 1.55-42bdis
-5.51 175-200dis
-5.51 175-200dis
-7.94 15.0-19.4dis
-7.94 15.0-19.4dis
-0.78 1.20-1.36dis
-3.06 5.20-5.60dis
-1.30 6.75-0.72pm
1.20 6-4pm

YORK	consolidating its position w
2012 Prev. ciose 4-1,4825 \$1,4782 1,4782 1,4782 1,480m 1,29-1,180m 1,80pm and discounts apply US deliar	The Bundesbank did not I vene at the Frankfurt fi when the dollar fell DM 2.1379 from DM 2.148 closed at DM 2.1530 on Fr. There was little reaction news that the cost of livin West Germany continued to
n Y233.75. Against a pound eased 15 10-1,4520. gralian dollar bove 61 US cents	in July, with consumer p falling at a year-on-year rat 0.5 per cent, compared with per cent in June. JAPANESE YEN — Tra range against the dollar in

Australian design of the following the Commonwealth and has again come under fire following the Commonwealth and has again come under fire following the Commonwealth and has again come under fire following the Commonwealth and has again come under fire following the Commonwealth and has again come under fire following the Commonwealth and has again come under fire following the Commonwealth and has again come under fire following the Commonwealth and has again come under fire following the Commonwealth and has again come under fire following the Commonwealth and the graph of the first follows the following the Commonwealth and the graph of the first follows the follows 216.7 against 180.5 six months ago.

The yen was little changed against the US dollar in Tokyo yesterday, as attention turned to the sharply weaker Australian Government had reversed a decision to tax interest on issues of securities, m foreign markets by Australian borrowers, helped the Australian dollar recover from a record low, after the Australian Reserve Bank had also raised its Treasury rediscount rate. Japanese institutional investors were reported to be nervous about holding Australian bonds and securities in the present financial climate. The US dollar traded quietly by comparison, closing in Tokyo at the day's low of Y157.20, compared with Y157.10 on Friday, amid suggestions any propagation to the US cur-

t g d	upward potentic rency this week to around Y158	k will be i.50.	US cui limite
8	July 26	Bank of England Index	Aorgan Suarant Viange
80995779	U.S. dollar	95.7	-20.2 +3.3 -12.8 -7.6 -7.0 -0.4

CURRENCY RATES

OTHER CURRENCIES

July 28	3	6	DM	YEN	F Fr.	8 Fr.	H FL.	Lira	CA	B Fr.	10p 28	£	
£	0.675	1,482	5,130 2,114	230.8 155.8	10.13 6.838	2.518 1.700	5,530 2,582			64.65 43.66	<u> </u>	ļ	0,9100-0,9110
DM YEN	0.319 4.554				5.236 45.90	0,804 10,91	1,128 15,50	888.D 9888.	0,656 8,895	20,65 280,2	Ave'ale Brazil	2,4150-2,4850 20,86-20,37	11.62 95-64 75
F Fr. 8 Fr.	0.987 0.397				10, 4,024		3,485 1,408	2126. 855.4	2,026 0,815	63,82 25,68	Greece	200,75-204,25 11,4850-11,4980	136,70-139.00 7.8100-7.8120 77.50
H Fl. Ura	0,285 0,464	0.480 0.688	0.887 1,453	65.37 107.8	2,870 4,704	0.715 1.169	1,659	610,1 1000.	0,581 0,958	18.51 50,02	Kuwait	0,4970-0,4980 64,60-64,70	0.23658-0.23669 43.60-43.60 2.6415-2.6445
C B B Fr.	0.487 1,647		1.525 4.841	112.4 366.9	4,935 16,67	1,227 3,694	1,720 5,460	1049. 3851,	1. 3.175	31,50 100.	N'Z'land, Baudi Ar.	2,7800-2,8060 5,5185-5,5196	1,8940-1,9080 3,7510-3,7520 2,1825-2,1845
	Yen pe	t 1,000:	French	fir per 1	O; Lim	per 1,0	ICC: Bel	g Fr pe	r 100.		SAT (Cm)	3,7685-3,6000 8,8480 9,1880	2,5676-2,5740 4,6510-4,8990 3,6796-3,6735

STERLING INDEX 8,30 am 72.9 9.00 am 71.9 73.0 73.0 73.1 73.0 73.1 73.0 73.0 10.00 am 71.9 72.8 11.86 am 1.00 pm 72.0 72.0 2.00 pm 3.00 pm 4.00 pm

CHICAGO

US TREASURY BOND: 8% \$100,000 32nds of

US TREASURY BILLS 51m points of 100%

CERT DEPOSIT (IMBN) Sint points of 190%

THREE-MONTH EURODOLLAR (IMM)

High 93.41 63.35 93.23 93.04 92.78 92.53 82.25 92.02

Low 91.37 93.30 93.16 92.97 92.72 92.72 92.22 91.95

	esntr <u>al</u> rates	amounts against Ecu July 28	centrali rata	% change adjusted for divergence	Divergence limit %
Beigien Franc Denish Krone Germen D-mark Franch Franc Dutch Guilder Irish Punt Italian Lira	43.6761 7.91896 2.13834 6.96290 2.40835 0.712956 1496.21	43.7695 7.97062 2.12064 6.86649 2.36960 0.714263 1456.92	+0.21 +0.65 -0.83 ~1.54 -0.82 +0.18 -2,69	+0.87 +1.31 -0.17 -0.88 -0.16 +0.84 -2.43	±1.5388 ±1.6408 ±1.1202 ±1.3701 ±1.5081 ±1.6669 ±4.0788
Changes week cu	ere for E	cu, therefore p justment calcu	cositive ch	enge denotes Financial Times	s

MONEY MARKETS

67a-71a 7-714 6-5-1 9-212

Sterling......
U.S. Dollar...
Can Dollar...
D Guilder ...
Sw. Franc ...
Deutschmrk
Fr. Franc ...
Italian Lira...

B.Fr.(Fin).,. B.Fr.(Gon)

No reaction to weak pound

7-6-7-5 71g-75g 4-3-47g 91g 95g 6-2-65g

Interest rates showed virtually no reaction to the weakness of sterling yesterday. There was no yield curve in short term rates, with sterling certificates of deposit from one-month to one-year quoted at 912 per cent to 913 per cent. Three-month interbank closed at 912-10 per cent, compared with 91-10 per cent. As the prospects of lower bank base rates have all but disappeared, as far as the immediate UK clearing bank base lending rate, 10 per cent since May 22 cent; and £54m bank bills in band 4 at 91t per cent.
Late assistance of £150m was also provided.
Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £945m, with bank balances below target absorbing £30m. These factors outweighed bank base rates have all but disappeared, as far as the immediate future is concerned, discount houses continued to be fairly willing sellers of longer-dated band 4 eligible bills yesterday.

The Bank of England initially forecast a money market shortage of £450m, but revised this to £500m at noon, and provided total assistance of £492m.

Before lunch the authorities bought £231m bills outright, by way of £1m bank bills in band 1 at 91 per cent; £13m bank bills in band 2 at 91 per cent; £13m bank bills in band 4 at 91 per cent.

In the afternoon another

NEW YORK RATES Treasury Bills & Bonds
One-month
Two-month
Three-month
Six-month 6.16 6.34 6.73 6.83 7.07 In the afternoon another four-ye flim bills were purchased out-right, through £7m bank bills in band 2 at \$\frac{2}{3}\$ per cent; £50m to-year bank bills in band 3 at \$\frac{2}{3}\$ per 30-year MANEY DATES

MORE! NAV						
July 38	Ov'r-nig't	One Month	Two Months	Three Months		Lombi
Frankfurt	4,60 4.75	4.55-4.70 71g-714	4,55-4,70 71a-714	4.56-4.66 71 ₉ -71 ₄	4.56-4.70 71 ₈ -71 ₄	5.5 7
Paris	7g-11g	5-51g 55g-54g	=	47 ₆ -5 5-3-5-8	=	í =

The fixing rates are the criticastic day. The banks are National Westmin-means, counded to the sessest one-altreacts, of the bid and offered rates Bank, Sançue Nationals de Paris and for \$10m quoted by the market to live LONDON MONEY RATES Three Six Months Months One Year Month Interbank
Sterling CDs.
LocalAuthorityDepos
Local Authority Bonds
Discount Mikt Depos
Company Depos
Transury Bills (Buy)
Sank Bills (Buy)
Doller CDs.
EGU Depos.
EGU Depos. 5-94 949-976 914-94 95<u>a-</u>978 959-934 934-979 Treasury Bills (sell): one month 9" per cent; three months 9½ per cent. Sank Bills (sell): one month 9½ per cent; three months 9½ per cent. Treasury Bills: Average tender rate at discount 9.8315 per cent. ECGD Fixed Finance Scheme IV reference date June 4 to July 1 (inclusive): 9.824 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from July 1 1996. Bank Deposit Rates for sums at sever days' notice 4.35-4.37 5 per cent. Certificates of Tax Deposit (Sories 8): Deposit £100,000 and over hald under one month 10 per cent; one-three months 10 per cent where-six months 10 per cent six-nine months 10 per cent. Under £100,000 10 per cent from July 16. Deposits held under Series 6 10 per cent. Deposits withdrawn for cest 9½ per cent.

FINANCIAL FUTURES Prices fall

Prices fell on the London Iems. This led to early selling International Financial Futures of gilts in the cash market, and a weak opening in long gilt ness surrounding sterling, as a result of weaker oil prices, and speculation the crude price could slip to \$5 a barrel, in spite of the present efforts of Opec ministers meeting in Geneva to agree production of quota cuts, was increased by the UK Government's political prob-

Sept Dec Mar June
9.18 8.38 — —
6.21 7.07 — —
4.35 5.49 — —
1.50 2.37 — —
0.50 2.47 — —
0.22 2.03 — —
0.12 1.33 — —
0.12 1.33 — —
0.12 1.34 — —
0.12 1.35 — —
0.12 1.35 — — LONDON SE E/S OPTIONS £12,500 (cents per £1) Dec 19.80 10.20 5.30 3.30 1.85 1.05 0.56 PHILADELPHIA SE E/S OPTIONS E12,500 (cents per E1) Strike Calle—Lest price Sept Dec Mar June 92.25 1.16 1.15 1.10 — 92.50 0.91 0.83 0.90 —

90 18.60 0 5.90 16 3.90		2.05 4.6 4.75 7.4	6.45	•	32.00 (0.44 0	1.72 Q,72 1.54 0.56 1.38 0.41	_	0.03 0	.17 0.2 .18 0.3 .27 0.4	1 —
0 2.50 0 1.55	7.90 12.60 1	8.60 10.3 3.20 13.9	0 12 50		33.50 (33.75 (0.11 G 0.03 G	.25 0.29 .15 0.20	=	D.20 C. 0.37 G.	39 0.5 54 0.7	5
t, Calls 31, Calls 775				i	Previous Estimats	day's	open int, me, Calis	Catis 1,4 100, Puts	23, Puts 1 200	,405	
		LON			· <u>-</u>			-MONTH oints of		LLAR	
(CBT) 100%			12% N 32nde o	f 100%			Sept	Close 93.41	High 93.42	Low 93.38	Prev 93,44
Low	Prew	Sept Dec	Close 119-27 119-22	High 120-01	119-07	Pre- 120-0 120-0	7 March	93.36 93.24 93.06	93.36 93.24 93.06	93.31 93.19 92.95	93.37 93.24 93.03
95-30 95-04 94-11	97-00 96-05 95-10	March June	119-16 119-18 Jume 6,7		_ =	119-2 119-2	6 Sept	92.79 92.52	92.74 52.49	92.72 92.46	92.76 92.49
83-17	94-16 93-24 93-02	Previous Basis q	uota (ck	pen int. san casi	13,591 (h price	of 137	. Previo	olume 3,0			92.22 18,461
Ξ	92-14 91-28	of nati (32nds)	/ 2004/00 r futures	B fess e	ot) –	nt pric	US TI	EASURY			
Ξ	90-30 90-18	10% NC 64ths of	TIONAL 100%	SHORT	GILT I	E100,00		00,000 32 Closs	High	Low	Prov
(IMILE)		Sept	Close 100-38 100-38	High 100-40	Low 100-34	Pre-	Est V	96-07 95-18 olume 4,3			96-24 96-10
Low 94.25	Prev 94.33	Est. Vo	100-38 lume 25 day's c	(87)	- 1.081 (100-5 (1,073)	•	e day'e RRENC	-	-	
94.28 94.22 94.05	94.28 94.28 94.11	THREE-A	AONTH (STERLIN	9) — \$ (I			
93.87 93.56 93.44	93.90 93.69 93.47	Sept	Close 90.13	High 98.14	90.09	90.2	1.4815	1-nnth. 1.4775	1.4694		12-mth. 1.4373
		Dec March June	90.35 90.31 90.21	90.36 90.35 90.24	90.33 90.34 90.24	90.4 90.3 90.2	7	STERLING Lutest	Su per High	£	Prev

Treasury's quarterly refunding requirement, after earlier doubts about whether Gramm-

US Treasury bond futures were also weaker, showing ner-vousness ahead of tomorrow's announcement of the US

Est. Volume 1,774 (1,727) Previous day's open int. 14,433 (14.628)

Sept 1.4880 Dec 1.4530 March 1.4380 June 1.4380 LIFFE-STERLING £25,000 \$ per £ High Low 1.4686 1.4640 1.4630 1.4630 Prev 1.4795 1.4680 1.4579

FINANCIAL TIMES CONFERENCES

Electronic Financial Services

- The Key to Competitive Advantage

15 & 16 October, 1986

The Financial Times fourth Electronic Financial Services conference will be held in London at the Hotel Inter-Continental on 15 & 16 October, 1986,

Subjects to be addressed: Electronic Financial Services - The Threat and the Promise

 Branch Automation information Systems in the Branch of Tomorrow Future Technology and

 Developments in EFT/POS Cash Management for the Small Company

 Security of Data Some of the speakers taking part: Mr Trever Nicholas Bardays Bank PLC Mr Fablo Chiusa

Mr BIH Murphy Western Trust & Savings Ltd Mr Malcolm Hughes Mr Michael Bliss Mr Doug McCallum EFT-POS Administration Ltd Mr Harvey Frey

nican Express Europe Ltd Mr Jean-Francois de le Court Banque Bruxelles Lembert SA Mr Alan Britten Mobil Oil Company Ltd Mr Bessel Kok

Electronic Financial Services To: Financiel Times Conference Organisation Minister House, Arthur Street, London EC4R 9AX Tel: 01-621 1355 don 27347 FTCONF Q

Company Address. Type of Business Company Notice

I.I.I. INTERNATIONAL INSURANCE INVESTORS N.V. NOTICE OF THE ANNUAL GENERAL AUGUST 22, 1988

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Share-holders of I.I.I. International Insurance Investors N.V. (the "Company") will be held at De Ruyterhade 62, Curaces, Netherlands Antilles on August 22, 1986 at 10,00 o.m. Netherlands Antilles time for considering the following agenda:

2) Consideration and approval of the profit and loss account for the financial year from January 1, 1985 to December 31, 1985, and belance The election or re-election of one Class B and one Class C Managing Director;

5) The transection of such other business as may properly come before the meeting.

Holders of bears shares, in order to easicise their rights at the meeting must establish their ownership of such shares in a monner satisfactory to the Chairman of the Meeting. Nevertheless, they may establish such ownership by depositing such shares for a Cerulicate of Deposit of such shares astisfactory to the Menging Board) at the offices of J. Henry Schröder Wags & Co. Limited, 120 Cheepeide, London EC2V 6DS. England spainst written faceipp, nor later than live days prior to the date of the meeting and by producing this receipt at the meeting. Shareholders may be represented at the meeting by written proxy ampowered in a letter.

The 1985 audited financial statements are available for inspection at the Company's Registered Office. De Ruyterkade 62, Curecao, Natherlands Antiles. Copies of the financial statements may be obtained on request by writing to the undersigned at P.O. Box HM 2254, Hamilton 5, Bermuda or by televing (telephonic Bermuda on Telex 3776 CHEVR, BDA/Telephone (609) (29) 58687.

Dated July 22, 1986

Art Galleries

OMELL GALLERIES, 43a, Duko Street, St. James's, London SW1: Tel: 01-950 7744. AN EXHIBITION OF SCANDINAVIAN PAINTINGS. "AMELLS AT OMELL'S." MOn.-Fri. 9-30-5; SAL 10-1.

Clubs

EVE has outlived the others because of a policy of lair play and value for money. Suppor from 10-5.30 am. Disco and top musiclass, glampoos hostesses, textiting Ronrahows. 189, Regent St., W1. 01-734 0557.

F.WORLD VALUE OF THE POUND

um to be otherwise. In some cases market rates have been calcul

ation available; (F) from rate; (P) based on U.S. dollar partites and going starting-dollar rates; cial rate; (ch) convertible rate; (fn) filmucial rate; (exC) exchange cortificate rate; (ac) non c (a) official rate; (sg) solling rate; (c) controlled rate.

	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING
EMS EUROPEAN CURRENCY UNIT RATES		*****	-				 		
	Albania	Lek	99.06 9.975	Sheet	Çedî Gibraltar £	132.21 1.0	Panishe	Balbas Kina	1.4815 1.4632
Currency % change Ecu amounts from % change	Algeria	Dinier (French Franc	7.22 10.13	Greeck	Drachma	202.50	Parasuts	Granto	(359.40 (10)
central against Ecu central adjusted for Divergence	Andorra	LSpanish Peseta	201.16	Greenland	Danish Krene E. Caribbean Ş	11.81 3.9785	Peris	inti	1927.0 (7) exe(A)20.52
rates July 28 rate divargence limit %	Angola	Kutanza	45.1290	Guadaloupe	Local Franc	10.13	Philiplaes	Philipine Peso	29.35
Beiglan Franc 43.6761 43.7695 +0.21 +0.87 ±1.5388 Denish Krons 7.91896 7.97062 +0.65 +1.31 ±1.6406	Argentine	E. Caribbean \$ Author	3.9785 1.3395	Guaranta	U.S. \$ Quetzal	1.4815 2.4815	Pitcalm Islands	(£ Steriking {New Zealand \$	2.7930
German D-mark 2.13834 2.12064 -0.83 -0.17 ±1.7202	Ande	Floria	2.67	Guines	France	500.99(19)	Poland	Ziqty	2/750 243.18
Prench Franc 6.96290 6.86549 ~1.54 ~0.88 ±1.3701	Astrella	Australian \$ Schilles	2.4180 22.135	Cuines-Biassu	Peso	251.24	Portugal	Escudo	219.40
Dytch Guilder 2.40835 2.38950 +0.82 -0.16 ±1.5081 Irish Punt 0.712956 0.714263 +0.18 +0.84 ±1.6669	ARTE	Portuguese Escado	219.40	Guyera	Guyenese \$	5.8450	Puerto Rico	U.S. \$	1.4815 5.3575
				Held	Goorde Lengira	7.4075 2.96	Respion Life de la	Catari Ryel Freeds Franc	10.13
Changes are for Ecu, therefore positive change denotes a	Babrala	Diese Diese	1.4915 0.5545	Hong Kong	H.K. \$	11.4905	Remarks	Leu	(cm) 6.58
week currency. Adjustment calculated by Financial Times.	Balearic Islands	Spenish Peseta	201.76	Ниявату	Ferint.	66.80		_	(N/C) 16.18
	Bangladash,	Takn Barbados S	43.56 2.98	Iceland	icelandic Kross	60.5875	St. Christopher	Rivanda Franc E. Carbbona S	129.18
<u>. </u>	Belokus	Belgies Franc	(Cm) 64.65	India	taction Repos	18.38 1.666.53	St. Helena	E. Caribbean \$ St. Helena £	3.9785 1.0
•	1	DOGGE FREE	(4) 65.55	k21	Rupiah Risi	115.50	St. Lucia	E. Caribbean \$	3.9765
	Beilze	C.F.A. Franc	2.96 506.50	PRO	Ireal Direc	0.4599	St. Pierre	Local Franc E. Caribbean S	10.13 3.9785
<u> كيا إنها التنظيم ويستحيين والتنظيم التنظيم والتنظيم والتنظيم والتنظيم والتنظيم والتنظيم والتنظيم والتنظيم وا</u>	Ветпий	Bermudiaa S	1.4815	trish Republic	Putit Sheloti	1.0560 2.19	Samos American	U.S. \$	1.4815
₹	Blutan	Ngatuwa Balirian Pesa	18.58 (a) 2908491_0	taly	Lire	2153.50	San Marieo	حطبا مطنحا	2,153,50
pound	Botswara	Pala	3.0260	hory Coast	C.F.A. Franc	506.50	São Toma & Principe Saudi Arabia	Dobra Saudi Rval	55.77 5.5165
Dung	BrazilBrazil	Crezado U.S. Ş	20.51 (20)	Jamaica	Jamaican Dollar	7.902(sg)	Senegal	C.F.A. Franc	513.75
		u.a. a Brunel S	1.4815 3.21%	Jorden	Yen Jordanius Disar	230.75 0.514	Seychelles	S. Rupee Littore	8.67 (a) 37.617
- Exchequer transactions adding lower German interest rates were	Brustel	Lev	140.62	Kamouchea	Diel	NA	Singapore	Sloggogre \$	3.2120
£195m to liquidity set back last Friday by the	Beridao Faso	C.F.A. Freec Kree	506.50 11.0652		Kenya Shilling	23.75	Solomog Islands Somali Regublic	Soloman Is. \$ Somali Shiribo	2.5935 53.35
in Frankfurt call money rose announcement that the central	Barred	Burandi Frest	179.22	Kenya	Austration \$	2,4180	South Africa	Rand	3.7843
to 4.675 per cent from 4.55 per bank money stock growth	l	C.F.A. Franc	506.50	Kores (North)	War Was	1,3926 1,309.36	South	Peseta	201.16
cant in tight conditions as the accelerated to 7 per cent in - West German Bundesbank with July from 6.5 per cent in June,	Carada	Canadian S	2.0525	Kinesh	Kowaiti Dime	0.4275	Spanish ports in North Africa	Peseta	201.16
 West German Bundesbank with July from 6.5 per cent in June, drew some of the funds dis- and remains well above the 	Carney Islands	Spenish Pesate	201 14	Lass	New Kip	51.8525	Sri Lenka	S.L. Rupee	41.25
bursed to provide extra liquidity official target range of 3} per	Cape Verde Islands Capetan Islands	Cape V. Escudo Cavanta Isies, S	132.25 1.24	Lebanon	Lebanoso É Maintí	65.46 3.7843	Sudan Republic	Sudan É S. Gullder	3.7038 2.4445
two weeks ago. Any hopes of cent to 51 per cent.	Cast. Afr. Republic	C.F.A. Franc	504. 50	Lesatho	Maint Liberian S	3.7843 1.4815	Sezziland	Lilanoesi	2.6445 3.7843
	Chile	C.F.A. Franc Chilego Peso	506.50 280.55	Libra	Libyen Diner	0.4766	Swedon	Swedish Krona	10.4050 2.5175
FT LONDON INTERBANK FIXING	Chies	Repositobil Yusan	5.4771	Liechtenstein	Swiss Franc Luxentourg Franc	2.5175 64.65	Switzerland	Swiss Franc	מני נו מאל
The same of the sa	Colombia	Cal. Peso C.F.A. Franc	(F) 288.35 506.50	1		11.9717	Syria	Syrian £	(cm) 5.8149
1 (11,00 a.m. July 26) Sk months US dollara	Congo (Britanille)	C.F.A. Franc	506-50	Madeira	Pataca Portuguese Escurio	219,40	Telwan	New Tahuan S	56.10
Three months US dollers	Costa Rica	Color Cuban Paso	(U) 62.63	Melzesy Republic	M.G. Franc	857.50	Tanzanis	Tan. Skilling	58.75
bid 6 lg Offer 6 lg	Opris	Cyprus &	1.2793 0.7230	Majarda	Kwacha Ringolt	2.6880 3.8820	Thailand	Bahe C.F.A. Franc	38.07 506.50
2 bid 6 1g Offer 6 5g	1		((com) 9.01	Maidhe Islants	Ruffyra	10,3705	Tonge Islands	Palanca.	2.4180
reference banks at 11 am each working	Czechostwakia	Korama	(mt 15.84 (T) 15.04	Maii Republic	C.F.A. Franc Maitese £	506.50 0.5600	Trinidad & Tobago	Tripidad & Tob. S Tunisian Dinar	5.3334 1.0960 (19)
The fixing rates are the enthancies day. The banks are Mational Westmin- mena, sounded to the secret one ster Bank, Bank of Tokyo, Dautsche	Depresent	Danish Kruner	11.61	Hartinique	Local Franc	10.13	Turkey	Turkish Lira	1003.76
abreacth, of the bid and offered rates. Hank, Bancone Mationale Ge Faire end	Ojibouti Republic of	Djibouti Franc	255.0	Mauritagia	Qugulya	110.22	Tortes & Calcos Islands	U.S. \$	1.4815 2.4180
for \$10m quoted by the market to live Morges Guaranty Trust.	Dominica	E. Caribbean S	3.9785 (7)	Maurius	Mauritian Rupee	19.35 {(F) 935.0	Turale	Australian S	(F) 6.800.00
LANDAU MANCH DIESC	Dominican Republic	Dominican Peso	4.0521 (7)	Mestes	Mexican Peso	((c) 903.99	Uganda	Uganda Shiting	12,100 (4)
LONDON MONEY RATES	Ecredor	Store	((a) 160.72	Miquelon	Local Franc	10.13 10.13	United States	U.S. S U <i>rugus</i> y Pesa	1.4815 226.17
Over 7 days Three Six One			(F) 250.61 (G) 1.0971	Moscolia	French Franc Tugrik	4.9712	Upited Arab Emirates .	U.A.E. Dirham	5.4013
July 28 Over 7 days Three Six One North Months Year	Egypt	Egyptian £	(6) 1.0371 (17) 2.00	Mostserrat	E. Caritibean \$	3.9785	USSR	Rouble	1.0248
	El Salvador	Colon C.F.A. Franc	7.355 506.50	Moroteo	Dirizen Metical	13.15 (sg) (A) 59.38	Varceto	Vatu	147.85
Starting CDs	Ethiopia	Ethiopian Birr	3.02		S.A. Rand	3.7843	Vaticas	Italian Lica	2.153.50
Starting CDs	Falkland Islands	Palkingt isles E	10	Namible	S.A. IQUIQ Australian S	3.7843 2.4180	Venezuela	Bolivar	(4) 6.37 {(5) 11.11
Local Author's Bonds () ! 104 104 104 194	Faroe Islands	Denish Kroser	11.81	Nepal	Nepalese Rupee	30.21	*4450000		(ib) 28.75
Company Debos	Filiani	Fiji S Markka	1.7059	Netherlands	Geilder Antilian Guilder	3.53	Vietnam	Dang	(a) 17.5643(25)
Finehea House Depos	France	Marioza Prosis	7.4678 10.19	Netherland Antilles New Zealand	ARISHED GEHOLF N.Z. S	2.6667 2.7930	Virgia (ينمطر) هزو:V	U.S. \$	1.4815
Treasury Bills (Buy) — 915 966 — — Bank Bills (Buy) — 915 916 — — 916 916 —	French C'ty in Africa	C.F.A. Frant	506.5	Niçarışısa	Cordobs.	(a) 51 <u>.50</u>	Western Samon	Tata	(A) 3.2410
Fine Trade Billis (Buy) - 10% 10%	French Guiana	Local Franc	10.13	Alger Republic	C.F.A. Franc	COL CA	Yenies (North)	Ryad	(A) 10.3065 (sg)
Doller (IDs	French Pacific (stands .	G.F.P. Franc	175.0	Nigeria	Ngira Norwegiae Krose	1945974 11.06	Yemen (South)	S. Yemen Dinur New Y. Dinur	0.5054 609.94
BDR Linked Depos 61g-61g 81g-61g 81g-61g 61g-61g 61g-61g 61g-61g 71g-71g 71g 71g-71g 71g-71g 71g-71g 71g-71g 71g-71g 71g-71g 71g-71g 71g-71g 71g-71g	Gastia	C.F.A. Frans Dated	506-50 11.30	1			Zaire Republic	Zajre	
	Germany (East)	Optimisk	3.13	Omen Sultannic of	Rial Consul	0.5665	Zarbia	Kwacha	87.8686 9.017
Treasury Bills (sell): one month 90 per cent; three months 91 per cent.	Cornery (West)	Deutsche Mark	323	Paltistan	Pakistan Rupee	24.40	Ziribabwe	Zimbabwe \$	2.5050
Bank Bills (sell): one month 97 per cent; three months 9% per cent. Tressury Bills: Average tender rate at discount 8.8315 per cent. ECGD Fixed Finance				<u> </u>	-		<u> </u>		
' Schama IV reference deta June 4 to July 1 (Inclusive): 9,824 per com. Wood (4								
Authority and finance Houses saven days' notice, others seven days' fixed.	Signer is the fig	CENTRAL MINISTER (COMPACT)		official rate. CL) Essent	s yours. (2) Prefer	erica יבנוקיים race for pric	rncy imports such as 1000si	aus, (4) Preferent	Ai rain for public

escar debt and especial imports. (5) Prefe experts. (14) Nearly all husiness transaction (18) Araba floring new correstly introduced Solinia 285 agrange.

BRITISH FUNDS 1985 Price + or Yield High Low Stock C - left Red. "Shorts" (Lives up to Five Years)	AMERICANS—Cont. 1986 Price or Siv Yis High Law Stack Si - Street 374 294(Cremics) New York 32:44 \ 52:50 - 5.7	LONDON SHARE SERVICE Sinch Price
102 100 Ext. 14pt 1996 1801 1337 9.75 98 94 Ext. 2-yo. 1996 96 1 259 7.10 1021 100 100 Ext. 13pt 1987 100 1 2 2 2 9.74 1007 97 Fress 10 Lect. 97 180 1 2 2 2 9.74 1014 97 Ext. 10 yr. 1987 100 1 2 2 9.74 1014 97 Ext. 10 yr. 1987 100 1 2 9.72	254-02-25-	BUILDING, TIMBER, ROADS—Cont Second BRAPERY & STORES—Cont. 75 61 Beauty 10s 90 225 36 9 36 46 Anthro int. Tu. 50 46 27 - - 34 5 46 Anthro int. Tu. 50 46 27 - - 4 4
95-1 93-free 10-12 197 100-1 1	80% 4126 Cord Illness Corp 51 4220 +111 6% 39% Cord Illness Corp 51 25p	50 241-90-consists Gen. 45 +2
944 85-11-489901 30: 78-85 93 6 3 25 6 94 1022 93 11024 93 1022 93 107.2 95.1 1703 1195.1 199 107.2 95.1 1703 1195.1 199 107.2 95.1 1703 1195.1 199 107.2 95.1 1703 1195.1 199 107.2 95.1 1703 1195.1 197.2 95.1 1703 1195.1 107.2 95.0 107.2 95.1 1703 1195.1 107.2 95.0 107.2 95.1 1703 1195.1 107.2 95.0 107.2 95	3352 2014 Data General 2212 1	138 75 Douglas Roth M 128 +2 U.175 25 1.9 (227) 95 57 Trep Value Inst 10p 88 H2.5 - 40 - 100 100 100 Douglas Roth M 128 +2 U.175 25 1.9 (227) 95 57 Trep Value Inst 10p 88 H2.5 - 40 - 100 100 100 Douglas Roth M 128 175 - 382 27 8 EFEE 373 3.5 44 (19.7) 100 100 Douglas Roth M 128 175 - 382 27 8 EFEE 373 3.5 44 (19.7) 100 100 Douglas Roth M 128 175 - 382 27 8 EFEE 373 3.5 44 (19.7) 100 100 Douglas Roth M 128 175 100 100 100 100 100 100 100 100 100 10
107 3 97 Each Lie 1989 1007 - 1065 971 107 107 107 107 107 107 107 107 107 1	11-3316 Fin. Coron. Amer. 50c 661.6 +24 274 19-575 Checapo 55 20-4-4 51.21 35-5 25-6 Fort Motor 52 353-4-14 52.20 284 20 647X 521x 284 47-6 Elect. 51x 50-2+3 52.20 10-6 612.6 Wellersh Hay Corp 51 144 22c 1.0	172 51 Federated Nations 39 1 12 2 33 3.0 3.1 15.4 £18 490 Wareforce \$1.7° \$4.3° 0 1.4 \$0.2 \$0.2 \$0.2 \$0.2 \$0.2 \$0.2 \$0.2 \$0.2
100	3274 24 Selfecte S1	27 10 10 10 10 10 10 10 1
Five to Fifteen Years 110% % [Each 1] Inc 191	231, 194, Historion inter inc)	430 C70 (Jures U.) 430 L 217.5 - 1
120	404 3154 Lacheed Crypt 51 3254-74 51.00 2.21 1554 Lachee Star test 51 1674 1874 51.00 2.69 224 1554 Lachee Star test 51 1874 1774-114 51.00 3.99 2.22 1754 Lachee Star test 51 2.21 4.22 4.22 1.33 2.23 2.24 4.22 1.33 2.23 2.24 4.22 1.33 2.23 2.24 4.22 2.23 2.24 4.22 2.23 2.24 4.22 4.22	300 25 Latism U.I. 25 +7 142 0 7.9 0 156 (1948SEABLY 50 144 145) 19 (1948SE
104 85	64. 32-Mayer UP) \$2.5	448 904 Michigane (Affred) 422 4 d12.5 2.8 4.2 12.0 138 63 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 138 63 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 138 63 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 138 63 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 138 63 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0 13.3 ISSR (mt 10p 80 12.5 2.8 4.2 12.0
** 1424 120 % [Free 154; pt 1996;	577 31 (\$Penergol 63 6 37 \$2.20 - 23 543 40 Plather 9 \$5 \$5 \$172 - 23 544 30 Plather 9 \$5 \$5 \$172 - 17 544 30 Plather 0 \$5 \$5 \$174 \$1.40 - 1.7 \$1.50 - 28 \$1.50 -	180 140 180 180 170 170
10114 94 3 Treas 6 10712 905 112 9.25 9.55 10714 1071 10714	32 to 24to 10to 10to 12to 25to 24to 25to	213 160 Notarrigism Brists 182 -0 6.5 20 5.0 13.7 41 29 InCPUI Computers 5p. 30 +1 1 -1 -1 17.6 92 38 III. Holdings 387 -1 97.7 3.6 28 15.2 83 59 Barris Andri 180 69 14.7 17.5 5.1 1.9 15.7 112 66 Pharma Timber 88 3.0 -4 8 - 310 12 Cambridge Elec. 212 7.45 22 49 13.1 78 5 14.5 24.9 13.1 78 5 14.5 24.9 13.1 78 5 14.5 24.9 13.1 78 5 14.5 24.9 13.1 78 5 14.5 24.9 13.1 78 5 14.5 24.9 13.1 78 5 14.5 24.9 13.1 78 5 14.5 24.9 13.1 78 5 14.5 24.9 13.1 78 5 14.5 24.9 13.1 78 5 14.5 24.9 13.1 78 5 14.5 24.9 13.1 78 5 14.5 24.9 13.1 78 5 14.5 24.9 13.1 78 5 14.5 24.9 13.1 78 5 14.5 24.9 13.1 78 5 14.5 24.5 24.9 13.1 78 5 14.5 24.5 24.9 13.1 78 5 14.5 24.5 24.9 13.1 78 5 14.5 24.5 24.5 24.8 24.9 13.1 78 5 14.5 24.5 24.5 24.8 24.8 24.9 24.9 24.9 24.9 24.9 24.9 24.9 24.9
114 9 1 1 1 1 1 1 1 1 1	280 230 230 230 230 231	106 65 #Rames 90 625 12 82 14.1 15 8-4Clee 10p 34-1 15 8-4Clee 10p 104 15 15 60 cape of infs
Over Fifteen Years 10% 9% 10	223 163 Transported Corp SS 200 +1-1 400 1.3 184 113- -1 11	130 233 28 25 20.4 76 60 Scarron Dect Sp. 64 11.5 72 13.5 15.7 15
1124 934 ress 10s 2003 4 1834 5 944 9.54 1234 1232 1732 1732 1732 1732 1732 1732 1732	321-9 200	433 226 Transis & Amodel 428 +5 8.52 3.1 2.9 15.8 90 70 scharce int 5 5 1.0 4.9 1.9 10.9 90 53 Scharck (Lens.) 48 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0
1374 97.2 Exch.10-yc 2005	201 175 8CE 1 181 191 182 18 236 62 7859 4579 1848 1848 1849 1848 184 184 184 184 184 184 184 184 18	290 246 Ward Hidgs, 10p 282 725 26 36 15.0 460 345 February Hidgs 59 415 713 420 12 286 87 47 Sandle Gerdon 10p 80 1023 1.8 41 12.0 566 26 Cont. Section 7 10p 66 48 40.0 - 1.9 - 1.9 - 1.9 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0
163-11812 Treat 13-pc 10-106 1325-5 10.18 9.52 10	11 875p VEcto Bay Mross 104p+4 20d 0.9 500p 350p Celden Scetore Res. 374p +10 -	280 157 Wilson Convolity 275 5 bd2 0 bd 1.0 20.2 85 46 Electronic Machine 43 0.7 2.1 1.6 (56.0) 0.10 347 Standardy Ind. 5.1 5.70 5 17.5 2.4 4.3 12.9 3.0 2.6 bectronic Machine 43 0.2 2.6 bectronic Machine
97 38 Consols 4pc	15 101/phtanker Sri Carii 131/pht 96c 3.4 750b 100b interps Fromp 551p + 18 0 -	277 195 Halfa Hilds 265 106 271 272 273 275
127-1154 Trees. 2cr 78 (27) 11 1217-14 2.19 4.09 107 99 10. 2cr 70 (333.91) 1064.cd-14 2.71 3.63 1274 1084 10. 2cr 76 (267.92) 119 1-4 3.44 3.79 1071 941 10 2cr 77 (37.88 1 107.14 1.14 1.14 1.14 1.14 1.14 1.14 1.14	20p 122p Masser-Fermana see Varity Corp 122p Masser-Fermana see Varity Corp 124p 124 124p 144 124p 147p 143p 145c 152m 14p 152m 14p 152m 14p 152m 14p 152m	130 150
11874 98-1 00 20x 06 (2741); 10534-5; 3.49 3.64 1 1114 98-1 00 27:00:09 (310.7); 1004-5; 3.40 3.59 1114 98-1 00 27:00:19 (310.7); 1004-5; 3.39 3.51 937 801 00 27:00:13 (351.9); 88-1-6; 3.32 3.48	BANKS, HP & LEASING 1986 Stack Price - Net Cwiller's Price 277 125 ANZ 5A1 198 148 231d 31 67 48	194 15 Cary (Horace) 5p 16 -15 14 14 15 14 14 15 14 14
Prospective real redemption race on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RP1 base month for indexing, le 8 months prior to take. RP1 for November 1985; 378.4 and for June 1986; 385.8.	E169 E1414 Alexander (H.) 1s E169 +33 48274 0 42 0 250 190 Aleid Iris 250 +3 (54.778) 3.6 48 7.9 84 63 Acotacler (H.) 1s 73	133 117 Evote Group 121.0 132 27 37 138 11 9 Visco Lab Sa0 50 19 -1 105 18 18 19 Visco Lab Sa0 50 19 -1 105 18 18 19 Visco Lab Sa0 50 19 -1 105 18 18 18 19 Visco Lab Sa0 50 19 -1 105 18 18 18 19 Visco Lab Sa0 50 19 -1 105 18 18 18 18 18 18 18 18 18 18 18 18 18
1161a 941a/skritcas De Sk 111a/s 2010 1061a/-11a 10.48 10.41 10.11 911a/skastralis 135c; 1213a/skastralis 135c; 2100 1271a/si - 1 10.61 10.39 1194a 10.61 10.35 1194a 10.61 10.55 1174a 958 10.75	466 365 Bank Scotland £1 488	107 67 Holt Lioyd int 100 90 -2 4.0 15 6.3 12.9 29 100 100 100 100 100 100 100 100 100 10
1274 1054-list-fan Dev 8a 127-ge 2003 1194 -115 10.49 10.08 1044 855 0.9 % per 1.2015 974-1-1 10.04 10.08 10512 10	120 67 Comment Secretors	48 25 Miloriey II, HJ 100, 48 15 13 44 25 15 13 Milorie Society
1164; 47% to 114ex 2008	6132 C107 Da. 6.3% (m/mRe/P) 6167 -1 6.3% -8.3 -1 32 171	1.73 1.75 5.01 1.75 5.01 1.75 5.01 1.75 1.
1031-100 Borniey Uso; 1967	430 333 Mil Sarmel 350 43 132 53 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	233 177 Websterioline Rus. 220 7.75 1.2 5.0 [23.7] 140 65 Vorkshire Chems. 140 44 3.01 3.5 3.0 10.0 55 St. Michinos Bed. 42 12.78 (3.5 ± 22.7) 140 141 3.01 3.5 3.0 1.0 55 St. Michinos Bed. 12.78 (3.5 ± 22.7) 151 St.
	853 650 Mercury Int 668 45 152 120 Do for A Car Pri 120 - 69a - 7.0 - 157 420 Martany Int 668 45 - 158 120 Do for A Car Pri 120 - 69a - 7.0 - 1597 420 Martany I. 548 - 2 25.5 21.6 10.3 120 203 Martany I. 548 - 157 436- Mart 50. 512 - 157 436- Mart 50. 512 - 157 70 70 70 70 70 70 70	73 42 (Allebore 10 59 1.5) - 3.6 - 12.2 (1.6) Nors Data W N.CO. 2164 4 505.0 0 1.7 0 2.5 1.8 (Cass Given 59 1.8 1.8 1.7) 2.7 1.0 3.0 2.7 0 2.7 1.1 1.0 1.7 1.0 1.0 1.7 1.0 1.0 1.7 1.0 1.0 1.7 1.0 1.0 1.7 1.0 1.0 1.7 1.0 1.0 1.7 1.0 1.0 1.7
79 72 Do. 41pc 87-92 Acout 75-st. 6.00 10.40 249 205 Zimbabwe Am (£100pa) 133-j. 11.42 LOANS Building Societies 100 % 985 New West 11.886 100 % 4.00 11.37 10.42	82 55 Rea Brothers 68 40 5.6 5.6 5.6 5.6 5.6 5.6 5.6 5.6 5.6 5.6	95 60 Selectories 100 90 (5.60 07 88 682 17 13 13 Septembril 170m 110 120 110 10 10 10 10 10 10 10 10 10 10 10 1
101 95 0.11 2 17 18 19 19 19 19 19 19 19	8% (20 Standard Cherd. £1. 752 -1 30.5 2.3 5.7 9.3 815 615 linen Decount £1. 750.6 +11 37.0 7.4 - 12 615 615 615 615 615 615 615 615 615 615	22 15 Secret Feet So 22
100% 100 lb 10% 6.87 100% 10.49 10.19 991 991 991 00 992 74.87 991 10.19		560 428 Cast Vertin 205 474 4 101.01 25 3.6 12.6 127 25 Process Systems (sr. 26 - 0.025 422.1 (bb. 3.7 3.00 25.0 22.1 (bb. 3.7 3.0 25.0 25.0 25.0 25.0 25.0 25.0 25.0 25
464) 39 Met. Wir. 3pc 8	BEERS, WINES & SPIRITS 363 252	438 2197-20-cr (cross 10c 325 -2 3.0 (ed.) 13 231 365 365 37
923, 78 0a 740cA 91-94 89-ad-1- 8.10 9.18 101 9.18 9.35	500 410 Burtonwood Brewery 535 +5 10.8 0 2.7 0 515 405 Clark (Manbew) 515 +5 107 0 3.8 19 19.4	178 106 For Art Dest. 50 160 46 24 135 105 61 454 Scholes (GH) 586 20.0 24 4.9 121 50 750 180 180 180 180 180 180 180 180 180 18
41 20 Do 5oc 1912 30	655 421 SFIL Seith Tim ALI 650ed	175 88 Seller (A_1) 20p 162 +2 +85 6 22 47 143 71 185 consistent 20 180 +5 14 82 91 34 1113 20 180 180 hatter (A_1) 20p 162 12 +2 +85 6 22 47 143 71 185 consistent 20 180 +5 14 82 91 34 1113 20 180 180 hatter (A_1) 20p 162 12 12 hatter (A_1) 20p 174 20 1
92 84 lietant bloc 18-88 98 14-50 14-50 13-51 13-51 14-50 14-50 113-51 13-51 14-50 113-51 13-51	91 70 Hughland Dest. 20p	115 1280 Gerki Universia 122 21.0 \(\) 2.1 \(\) 4 150 \(\) 15 150 Certain Sp. 170 \(\) 4 2.0 \(\) 1 17 \(\) 0 0 0 0 0 0 0 0 0 0
AMERICANS 1986 Price + or Biv Yrid Nigh Low Stock 1 - Great Cwife's	550 410 Nov. & Dedry	90 74
324 22/jákoza 51 244 - 1 31 20 - 3,4 194 114/48/sepecy 6 W 50 01 15 + 12 0c - 56.3 114/1766 Amaz 51 - 56.3 7566 2 20c - 12 254 36 Amaz 52 51 254 36 Amaz 52 51 254 37 36 Amaz 52 51 254 37 36 Amaz 52 51 254 37 37 354 37 37 354 37 37 37 37 37 37 37 37 37 37 37 37 37	BUILDING, TIMBER, ROADS 277 215 IAMEC 50s 245 +1 11.0 1 5.8 12.6 164 109 IAMer 9 164 625 2.6 3.5 14.0 288 Roserbero Corp. 240 -2 250 2.3 4.7 10.4 142 45 44ccom Sacchin 50 435 17.0 20 9.4 7.5	127 143 147
171- 141-24merican T. & T. \$1 161-1-1 \$1.20 - 50 901-1-1 \$7.08 - 01	74 52 Ranciffe 100 66 64 0.1 102 177 123 Ranciffe 100 65 64 0.1 102 27 35 155 155 1378 1388	12 155 New 10c 208 136 28 24 20 9 26 40 New 10c 26
15 6716 16 16 17 17 17 17	91 65 Restand M 100 185 1375 0 9 62 1253 600 1256 Resetter, Granus 440 1256 Resetter, Granus 431 631 1.1 169 177 685 1875 Resetter, 200 63 631 1.1 169 177 685 1875 Resetter, 200 720 720 174.1 127 723 533 Reset Carte 71 724 127 725 727 727 728 728 728 729 7	182 193 fatures 160 181 44 3.0 6 2.3 6 82 82 193 fatures 160 194
43%; 31%(Careshell Sour 30°; 43%;+1 51.32° - 21.33°; 27%(Careshell Sour 30°; 43%;+1 51.32° - 21.33°; 27%(Careshell Sour 30°; 43%;+1 50° - 11.33°; 28%;+1 4d - 0.73°; 28%;+1 24%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 51.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1 652.05% - 65.32%;+1		18

34

Financial Times Tuesday July 29 1986 INVESTMENT TRUSTS-| The color of the | Display | Disp spationistic brackeried figures indicate 10 per cent or more difference in calculated on "bill" distribution. Covers are based on "maximums." distribution this comparts gross desidend costs to profit after taustion, exhabile excaptional predict/leases but lackading estimated extent of offsettable ACT Visids are based on white protes, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution; and rights.

"Tap Stock".

** High's and Lows marked than leave been adjusted to allow for rights issue for cash.

†* Interior shore increased or resumed.

** High's are Lows marked than leave been adjusted to allow for rights issue for cash.

†* Interior shore increased or resumed.

** High's are Lows analysed or resumed.

** High's are Lows analysed.

** High's are Lows analysed or deformed.

** Tap free to non-residents on application.

** Pigeres is regard analysed.

** High's not listed on Stock Eachange and company and subjected to san deyred of registation as fiscos securities.

** Dealt in under Rate 535(3).

** Price at time of supposation.

** Indicated dividend after pessing strip analty rights issue: cover relates produce them of the control of fiscos.

** But comparable.

** Same laterium reduced fiscal antifor reduced corollege indicated.

** Economistics.

** Cover allows for conversion of shares and stock in the deviced as a factor date.

** Process fetilisation cover on conversion or shares and stock in the deviced and pick after scrip issue; produced.

** Cover dates out allow for stares which may also make for devidend at factor date.

** Break Septime Frances. Fr. French Frances. 16 yield based on acatumpt Treemy Bill Rate strys unchanged until material policy. Lower haved on thirdened and factor date.

** Break Septime Frances. Fr. French Frances. 16 yield based on parks on a factor and yield after scrip issue; proposed.

** Break Septime Frances. Fr. French Frances. 17 yield based on protein and provided and yield after scrip issue; proposed.

** Break Septime Frances. Fr. | 1986 | Sheek | Price | Sheek | Sheek | Price | Sheek | Sheek | Price | Sheek MINES | 160 | 79 | Bracker 90c | 385 | 173 | WCons Not ver 15c | 385 | 173 | WCons Not ver 15c | 385 | 183 | WCons Not ver 15c | 385 | 183 | WCons Not ver 15c | 390 | W23 | ERICO ROL 50 | Sastern Irrs, O. 50c | Marrevole ROL 25 | Walder B Late Nides | 165 | Sastern Irrs, O. 50c | Marrevole ROL 25 | Walder B Late Nides | 165 | Sastern Irrs, O. 50c | Marrevole ROL 25 | Marre REGIONAL & IRISH STOCKS ning is a selection of Regional and Irish stocks, the latter bein Quoted in Irish Currence. Recent Issues" and "Rights" Page 35 (International Edition Page 29)

35

Account Dealing Dates

First Declara- Last Account Dealings tions Dealings Day July 14 July 24 July 25 Aug 4 July 28 Aug 7 Aug 8 Aug 18 Aug 11 Aug 28 Aug 29 Sept 8 "New-time" dealings may take place from 9.30 am two business days oartier.

the half-year results. Else foreign banks showed to

Plessey ease afresh

the Institute of Actuaries and the Faculty of Actuaries

Earnings Yield% (Max.)

index No.

Monday July 28 1986

Bearish views on the short-term outlook for the UK cur-rency because of weakening crude oil prices made certain advantage. ANZ rose 8 a that attention in London stock and Westpac firmed 7 at markets vesterday would be focused on sterling. Its sharp fall—the exchange rate index
dropped 1.3 to 71.7 to the lowest
level since early March last year
—brought initial losses of almost
a point in Comment boats had been a properly in Languages. a point in Government bonds but had a more sobering impact on leading shares.

NatWest easier

The Gilt-edged market opened nervously with many longer-dated securities being quoted a down on Friday's closing limits. Dealers encountered loose offering from some private investors nervously with many iongerdated securities being quoted to down on Friday's closing limits. Dealers encountered loose offering from some private investors concerned over the situation, but reported little noticeable shift of interest by institutional holders to the selling tack. The sales were sufficient to extend the easier tone, although from mid-morning onwards trade was light.

Spasmodic covering of short positions eventually ioitiated a tentative recovery and the movement gathered momentum.

Atlas Converting Equipment staged a successful debut in the Unlisted Securities Market. The shares, placed at 115p, opened at 120p and moved ahead to 125p. Among other recently issued equities, TV-am attracted fresh support and firmed 4½ to 144½p.

Breweries attracting Equipment staged a successful debut in the Unlisted Securities Market. The shares, placed at 115p, opened at 120p and moved ahead to 125p.

Are loss for the situation, but reported little noticeable shift of interest to the selling tack. The sales were sufficient to extend the easier tone, although from the pre-weekend positions. A flurry of takeover chatter after hours lifted Lianelli-based from the pre-weekend positions. A flurry of takeover chatter after hours lifted Lianelli-based from the pre-weekend positions. A flurry of takeover chatter after hours lifted Lianelli-based from the pre-weekend positions. A flurry of takeover chatter after hours lifted Lianelli-based from the pre-weekend positions. A flurry of takeover chatter after hours lifted Lianelli-based from the pre-weekend positions are concerned to the pre-weekend positions. A flurry of takeover chatter after hours lifted Lianelli-based from the pre-weekend positions. A flurry of takeover chatter after hours lifted Lianelli-based from the pre-weekend positions. A flurry of takeover chatter after hours lifted Lianelli-based from the pre-weekend positions. A flurry of takeover chatter after hours lifted Lianelli-based from the pre-weekend positions. A flurry of takeover chatter after hours

tentative recovery and the movement gathered momentum towards the close. In the after-hours' business prices attempted to ease again before steadying on currency influences. Finally the longs closed with falls ranging to 2 on balance, while the shorts were around 4 off. Consideration of the latest issue of index-linked stock—£400m is to be offered this week — left longer maturities down 2 in places.

Adjournment of the Opec talks until today failed to make any contribution to either Gilted and control of the deged or equity market senti-barrant Developments improved

Adjournment of the Opec talks until today failed to make any contribution to either Giltedged or equity market sentiment. The latter started the first session of a new trading Account cautiously following suggestions that the steep index fail of the previous period may still have some way to go. Jobbers, many of whom were nursing adequate book positions, took a contrasting view and around mid-afternoon the tone began to brighten. The lower pound had a beneficial on some international stocks and on some international stocks and the FT-SE 100 share index after the F1-SE 100 snare modex after recording minor lesses during the morning and early afternoon closed a net 3.6 bigher at 1,549.4. Speculation that the GEC bid for Plessey could be blocked by the authorities aroused several possibility but few lasting price improvements in the Electrical improvements in the Electrical sector. Thoughts that GEC could turn to STC were soon discouraged and Plessey denied attempting to buy Ferranti shares. Leading Oils put up a steadier performance despite predictions that crude oil may fall to \$5 per barrel. Britoil, however, remained depressed in the water of Friday's dividend out and electry.

Friday's dividend cut and gloomy trading statement. NatWest cheapened 4 to 508p awaiting today's interim figures; dealers are anticipating first-balf profits of around £455m-£460m-Bildland, which report on Thurs-day, hardened a couple of pence at 545n while Bareleys moved up

EQUITY GROUPS

& SUB-SECTIONS

Electronics (38)

Mechanical Engineering (61)

Metals and Metal Forming (7)

Brewers and Distillers (22)
Food Manufacturing (22) Food Retailing (15)
Health and Household Products (10)

OTHER GROUPS (83)

49 (HOUSTRIAL GROUP(433).....

Banks (7)..... Insurance (Life) (9).....

Other Financial (23). Investment Trusts (101) . Overseas Traders (14) ...

INDICES

Dritich Severa

3 Over 15 years...

4 irredeemables.

2 5-15 years ...

5 All stocks

6 5 years....

7 Over 5 years...

FIXED INTEREST

121.54

Fri John 25

-0.38 | 122.65

139.91 -0.30 140.55 0.21

136.31 -0.29 136.81 0.10

147.53 -0.65 148.25 163.53 -0.35 164.11

113,63 | -0.14 | 113.15 |

114.77 | -0.38 | 115.21 |

114.42 -0.34 114.83

_| 34_56 | +0.03 | 34.53 | —

9 Debrica 31200 119.61 -0.18 119.84 0.02

1 CAPITAL 6000S (212)

Gilts hit by sterling weakness but equities close steadier

the half-year results. Elsewhere, foreign banks showed to good advantage, ANZ rose 8 at 193p		5	INAN	CIAL	TIME	S ST	OCK 1	NDICE	5		
and Westpac firmed 7 at 186p, while Compagnie Bancaire		Jesty	July	July	auty	July	YEST	19	86	Since Co	mpilation
advanced 4; points at £124;	i	29	25	24	25	22	290	High	Low	High	Low
mong merchant banks, Roths- hild hardened a couple of pence	Government Secs	88.88	69.19	89.19	88.86	88.74	83.85	94.51	80.39	127.A	49.18
126p following Press comment. There was no sign of a	Fixed Interest	95.76	96.03	95.83	95.65	95.55	53.63	(18/4) 97.68	(20/1) 86-55	(9/1/35) 150.4	(3/1/75) 50.53
covery in Insurances. GRE opped 9 afresh to 868p and	Ordinary V	1,263.8	1,263.7	1,254.2	1,286.8	1,274.7	932.4	(7/7) 1,425.9	(23/1) 1,094,3	1,435.9	(3/1/75) 49.4
neral Accident softened a few ace at 825p. Among Life issues,	Gold Milnes	199.3	196.7	195.9	197.2	189.7	342.1	(34) 357.0	(14/1) 185.7	(3/4/86) 734.7	(26/6/40) 43.5
art relicquished } at £14; and	Ord. Div. Yield	4.36	4,36	4.36	4.27	431	4.99	(27/1)	S.E. AC	(15/2/83) TIVITY	(26/10/71)
a lost8 at 815p. Atlas Converting Equipment	Earnings Yld-%(full)		10.43	10.49	10.32	10.41	12.44	in in	dices	July 25	July 24
zed a successful debut in the	P/E Ratio (net) (*)	11.68	11.67	12.59	11.78	11.68	9.82	Gilt Edged	Bargains	110.2	109.4
listed Securities Market. The cres, placed at 115p, opened at	Total Bargains (Est)		22,856 525.09	22,986 521.66	23,021 482.98	23,348 404,78	20,421 341.67	Equity Barr Equity Value	<u> </u>	154.2 1,063.4	126.8 1,054.4
p and moved ahead to 125p. ong other recently issued	Ecolty Bargains		23,801	19,574	18,858	19,952	11,238	5-Day Ave Gilt Edged Equity Bar	كەل خو تقى	121.2 134.2	123.4 129.7
uties, TV-am attracted fresh	Shares Traded (mf)	_	263.6	238.2	2121	2136	164.9	Equity Value	F	958.5	129.7 995.5
pport and firmed 41 to 1441p. Breweries attracted little busi- ss of note and rarely strayed		10 a.m. 1260.6	11	um. 0.4	Noon 1260.0		p.m. 259.9	2 p.m 1261		ρ.m. 260.5	4 p.m. 1261.6
on the pre-weekend positions. Hurry of takeover chatter after	Day's High 126	3.8. D	ay's Low	1259.8.							
nours lifted Llanelli-based	Basis 300 Govt	Secs 15/7	19726, Flate	int 192), Ordinary	1/7/35, &	old Wiees	12/9/55, SE	Activity 197	4 -NH=11.2	28.

doubts about whether GEC will be allowed to make another bid for the company. Racal, in contrast, came to life following the annual report and rose 6 to 176p, while British Telecom became a better market at 182 xd, up 41p. Elsewhere, United Scientific featured a fresh rise of 15 at 165p, after 168p on continued bid speculation. STC, up to 1660 at 165p, after 168p on continued bid speculation. STC, up to 1660 at 165p after 168p on continued bid speculation. STC, up to 1660 at 165p after 168p on continued bid speculation. STC, up to 1660 at 165p after 168p on continued bid speculation. STC, up to 1660 at 165p after 168p on continued bid speculation. STC, up to 1660 at 165p after 168p on continued bid speculation. STC, up to 1660 at 165p after 168p on continued bid speculation. STC, up to 1660 at 165p after 168p on continued bid speculation. STC, up to 1660 at 165p after 168p on continued bid speculation. STC, up to 1660 at 165p after 168p on continued bid speculation. STC, up to 1660 at 165p after 168p on continued bid speculation. STC, up to 1660 at 165p after 168p on continued bid speculation. STC, up to 1660 at 165p after 168p on continued bid speculation. STC, up to 1660 at 165p after 168p on continued bid speculation. STC, up to 1660 at 165p after 168p on continued bid speculation. STC, up to 1660 at 165p after 168p on continued bid speculation. STC, up to 1660 at 168p at 165p, after 165p on continued bid speculation. STC, up to 166p at one stage, reacted to close un-altered on the day at 162p follow-ing the denial of bid intentions by GEC. Buying in front of today's interim statement left DJ Security Alarms 15 higher at 100p. revived with a gain of 10 at 448p. Barratt Developments improved 4 to 134p and AMEC hardened a penny to 265p. RMC, however, again lacked support and drifted back to close 8 cheaper at 646p, while John Laing remained on offer and shed a like amount to 440p. BPB industries slipped to 494p before picking up to close only a couple of pence cheaper on balance at 498p. Elsewhere, Wiggins continued to attract speculative support and firmed 4 afresh to 127p, while Raiae Industries, aided by press comment, touched 79p prior to closing 2 better at 77p.

ICI traded quietly and closed

Leading Engineers traded quietly, but GKN improved 4 to 331p awaiting next week's interim statement. Secondary issues were inclined easier. Resisting the trend, Deritend attracted buyers and put on 8 to 270m.

Foods took Friday's modest technical rally a stage further. Currency inducences helped Cod-bury Schweppes improve 3 to 16Sp, while Rowntree Mackintosh 1659, while Rowntree Mackintosh hardened a couple of pence to 4ctp. United Biscuits moved up 11 to 235p as speculative interest revived and Unigate rallied a couple of pence to 282p. Takeover favourite Bejam retained a gain of a penny at 171p despite rumours of a large line of stock being on offer, while Dee Corporation firmed 2 to 230p awaiting today's annual results. Christian Salveson were unmoved by news that the company is in negotiations for the disposal of its housebuilding operations, while Hillards were also unchanged, at 193p, following the annual figures.

Speculative counter Norscot

closing 2 better at 77p.

ICI traded quietly and closed a shade dearer at 995p. Elsewhere in Chemicals, Yorkshire encountered buyers ahead of the half-yearly figures due on August 6 and firmed 4 to 140p. Press comment boosted Thargar Bardex 6 to 59p, after 60p.

Apart from a speculative gain of 3 to 118p in Sears, leading Stores were idle. Elsewhere, mail order concern Grattan came on offer at 506p, down 22 and Freemans relinquished 4 at 404p. DAKS Simpson shed 10 to 210p and World of Leather gave up 13 at 180p. Tera softened 5 at 40p, and worse of Leatner gave up 13 at 180p. Term softened 5 at 40p, but Ratners put on 4 at 181p. Alfred Freedy, at 108p, retrieved half of Friday's fall of 8 which followed the poor results.

Thers July 24

ladex No.

index No.

| Rec. | Clarge | Maz. | Claric | Clark | Clar

5 years... 15 years... 25 years...

5 years.... 15 years.... 25 years....

5 years.....

25 years.....

Index-Linked

II Inflat'n rate 5%

Inflat'n rate 5%

Inflat'n rate 10%

Sys...

Inflat'n rate 10%

Over 5 yrs...

Wed July 23

Hi July 20

3.88 3.55 2.61 3.38

10.61

16.37 10.44

9.94 10.09 10.09 10.09 10.00 10.88 10.57 10.59 9.81

11.32

Non July 23

8.26 9.25 9.61 9.59 9.59 9.59 9.74 9.51 9.22

10.52

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Miscellaneous industrials provided several good features. Hargreaves were prominent at 2300, up 50, in response to news of the share exchange offer from Coalite; the latter closed 8 cheaper at 292p. Speculative demand left Bodycote 30 higher at 300p, while favourable Press mention prompted a rise of 27 to 337p in Johnston Group. Benlox advanced to 50p before settling 12 higher on the day at 47p amid talk that a large shareholding had changed hands; Benlox stated yesterday that no declaration has been received of new notifiable interest in the com-

lox stated yesterday that no declaration has been received of new notifiable interest in the company's equity. Revived demand on expansion hopes left Dwek 6 to the good at 118p, but Marling Industries eased that amount to 65p following disappointing preliminary figures. Hawley, which last week increased its holding in Brengreen to 18.9 per cent, fell 7 to 94p on talk that it may launch a counter-offer for Brengreen. Renters advanced to 513 following the preliminary figures, but subsequently fell back to close only 3 firmer on balance at 503p. Asset injection hopes left Continuous Stationery 8 dearer at 66p. Parkfield touched 560p ou the annual results and proposed full listing, but reacted to close only 5 higher on the day at 535p. Leading issues rarely strayed from previous closing levels. levels.

Dowty provided a prominent

while Hillards were also unchanged, at 193p, following the annual figures.

Speculative counter Nerscot Hotels proved an erratic market and raced ahead to 135p on takeover hopes before easing back on profit-taking to close only a provided a prominent firm feature in Motors, rising 9 afresh to 225p on Press comment circular. Armstrong Equipment, meanwhile, attracted persistent speculative support and jumped continued to reflect Carclo takeover hopes with a fresh improve-Among the Electrical leaders, at 398p following comment on at 198p, down 4, on continuing Mount Charlotte hardened a 198p at 198p, down 4, on continuing Mount Charlotte hardened a 198p at 198p, down 4, on continuing Mount Charlotte hardened a 198p at 198p, down 4, on continuing Mount Charlotte hardened a 198p at 198p, down 4, on continuing Mount Charlotte hardened a 198p at 198p, down 4, on continuing Mount Charlotte hardened a 198p at 198p, down 4, on continuing Mount Charlotte hardened a 198p at 198p, down 4, on continuing Mount Charlotte hardened a 198p at 198p, down 4, on continuing Mount Charlotte hardened a 198p at 198p, down 4, on continuing Mount Charlotte hardened a 198p at 198p at 198p, down 4, on continuing Mount Charlotte hardened a 198p at 198p, down 4, on continuing Mount Charlotte hardened a 198p at 198p, down 4, on continuing Mount Charlotte hardened a 198p at 198p, down 4, on continuing Mount Charlotte hardened a 198p at 198p a Motor remained on offer at 187p,

Property leaders made a brighter showing. Scattered support was forthcoming for Land Securities, 5 better at 322p, and MEPC, a couple of pence dearer at 330p. Hammerson A hardened 5 to 430p. Elsewhere, Merivale Moore gained 25 to 200p in a restricted market following newsletter comment. but Marier Estates eased 10 to 535p on reports that the company has a rights issue pending; the preliminary results are due on Thursday, Wates City of Loadon found support at 141p, up 4, while Stockley added 2 more to \$3p. Rosehaugh picked up 5 to 555p, while Dares Estates firmed 2 to Rosehaugh picked up 5 to 595p, while Dares Estates firmed 2 to 18 p. the latter helped by Press comment. Speculative counter Parkdale eased to 78p initially, but picked up to close only 3 cheaper on balance at 81p.

Walter Runciman, 20 up at 165p on speculative buying, provided an isolated firm feature in Shippings.

Buying in belated response to an investment recommendation

an investment recommendation helped Robert H. Lowe feature Textiles with a leap of 17 at 120p. Hugh Mackay firmed 7 at 100p and Tomkinsons put on 5 at 185p. Courtaulds, however, lacked support and softened a couple of pence at 285p.

Already a firm market at 130p on further consideration of the half-wear statement and proposed

half-year statement and proposed acquisition of Interpoly, NMC Investments advanced further to end the session 7 better on balannual figures.

Britoil down again

Sharply lower on Friday replanned for the north-east and flecting interim profits some 58m north-west of England the whole below market estimates and the down a further 8.

Investors were seemingly impressed with Friday's announcement that Jefferson Smurfit's US

Below market estimates and the halved dividend, Britoll came under further selling pressure and reacted to a record low of ment that Jefferson Smurfit's US

Below market estimates and the halved dividend, Britoll came under further selling pressure and reacted to a record low of ment that Jefferson Smurfit's US

NEW LOWS (40)

NEW HIGHS AND LOWS FOR 1986 NEW HIGHS (48)

NEW HIGHS (48)

AMERICANS (10) Amer. Cyanamid,
Bell Atlantic, FPL Grp., Ford Motor,
Houston Inds. Inc., Pacific Gas and
Elect., Pacific Tolesis, Quaker Osts,
RJR Nableco. US West. BANKS (2)
Algemene, Alkied Irish, Banco de Sansandor. BREWERS (1) Clerk (Matthew).
BUILDINGS (1) Vibroplant. CHEMICALS
(2) Engelhard, Thurgar Bardex. ELECTRICALS (3) ASEA AB A, First Security. Toshiba Corpn. ENGINEERING (3)
Cook (Wm.) (Sheffield), Denisend
Stamping. Downlebras. FOODS (1)
Bensons Crisps. HOTELS (1) Nonscot.
INDUSTRIALS (7) Benlox, Continuous
Stationery, Hergraves. Hutchison
Whampos, Jardine Hidgs., Johnstone
Grp., Nobie & Lund. MOTORS (1)
Abbey Panels. NewSPAPERS (1) Musterin. PAPER (1) Smurfit (Jeffsn).
PROPERTY (4) Mountteigh, Priest
Marians, Stockley, Wereldhave. SHIPPING (1) Runcimsn (W.). TEXTILES
(2) Courtaulds 7pc Db. "82-87, Lowe
(Robt. H.). TRUSTS (4) Robeco (Br.).
Rorento NV, US Deb. Corp., Ameigamatted Financial Invs. Oils (2) Conroy
Pet. Nat. Res., Petrofina SA.

AMERICANS (2) Amer. Medical Int., Damson Oil. BANKS (1) First Nat. Finance 6-3pcCav.Cm.Red.Prl. STORES (2) Bedford (Wm.), DAKS Simpson A. ELECTRICALS (6) Electrocomponents. Int. Signal and Control, Laser Labs., P-E international, Philips Finance 55.pc. ENGINEERING (1) SPP. FOODS (1) Fitch Lovell, HOTELS (1) Gartunkels Fitch Lovell. HOTELS (1) Garlunkels Restaurants. RIDUSTRIALS (12) AGB Research, Ashley Ind. Tst., Brit. Bloodstock, CSR. Elkem AS, High-Point Services, Marling Inds., Mitchell Cotts, Russell (A.), SAC Intl., Stonehill. Tinsley (Eliza). LEISURE (2) Saga Holidays, Viewplan. PAPER (1) Ospray Communications. SHIPPING (1) British and Commonwealth. SOUTH AFRICANS (1) Tonesst-Hulett. TRUSTS (2) Area (1) Tongast-Hulett. TRUSTS (2) Argo Invs., Caledonia Invs. OILS (6) Ber keley Expitn., Britoli, Carless Capel, Enterprise Oll, Offahore Oil, Pennine Res. PLANTATIONS (1) Anglo-East Plants. MINES (1) Musto Explorations.

BASE LENDING RATES

%	%
ABN Bank	Exeter Trust Ltd 181/2
Allied Arab Bank Ltd 16	Financial & Gen. Sec 10
Allied Dunbar & Co 10	First Nat. Fin. Corp 11
Allied Irish Bank 19	First Nat. Sec. Ltd 11
American Express Bk 10	● Robert Fleming & Co 10
Amro Bank 16	Robert Fraser & Ptrs 11
Henry Ansbacher 19	Grindlays Bank
Associates Cap Corp 19	Guinness Mahon
Banco de Bilbao 10	Hambros Bank 19
Bank Hapoalim 10	Heritable & Gen. Trust 18
Bank Leumi (UK) 16	● Hill Samuel
Bank Credit & Comm 19	C. Hoare & Co 19
Bank of Cyprus 19	Hongkong & Shanghai 19
Bank of Ireland 19	Knowsley & Co. Ltd 1944
Bank of India 19	Lloyds Bank 10
Bank of Scotland 10	Mase Westpec Ltd 10
Banque Beige Ltd 19	Meshraj & Sons Ltd 19
Barclays Bank 16	Midland Bank 10
Benchmark Trust Ltd 19	Morgan Grenfeli 16
Beneficial Trust Ltd 11	Mount Credit Corp. Ltd 10
Berliner Bank AG 19	National Bk of Kuwait 10
Brit. Bk. of Mid. East 10	National Girobank 10
Brown Shipley 16	National Westminster 10
CL Bank Nederland 10	Northern Bank Lid
Canada Permanent 10	Norwich Gen. Trust 16
Cayzer Ltd 10	
Cedar Holdings 11	PK Finans. Intl (UK) 101/2 Provincial Trust Ltd 11
Charterbouse Bank 10	
Citibank NA 19	R. Raphael & Sons
Citibank Savings 1164	Roxburghe Guarantee 11
City Merchants Bank 18	MOAST REDE OF SCOTTEDS.*** IA
Clydesdale Bank 19	Royal Trust Co. Canada 19
Comm. Bk. N. East 19	Standard Chartered 18
Consolidated Credits 18	Trustee Savings Bank 19
Continental Trust Ltd 10	UDT Mortgage Express 110.9
Co-operative Bank •18	United Bank of Knwait 18
The Cyprus Popular Bk 16	United Mizrahl Bank 19
Duncan Lawrie 10	Westpac Banking Corp 19
E. T. Trust 11	Whiteaway Laidlaw 101/4
Equatorial Tst Corp. plc 19	Yorkshire Bank 16
 Members of the Accepting House 	Committee. • 7-day deposits 5.69%. 1-

month 6.03%. Top Tier_£25,000+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited, ‡ Call deposits £1,000 and over 64% gross. ¶ Mortgage base rate, § Demand deposit 5.82%. Mortgage 11%. news that Morgan Guaranty has increased its holding in the company to 9.5 per cent from 8.5 per cent, to close a net 9 down at 101p, a fall of 35 over the last two trading sessions. Other leading Oils traded quietly pending the outcome of the latest Opec precising currently under way in meeting currently under way in Geneva. Quotations tended to Geneva. Quotations tended to edge higher on currency influences with British Petroleum a shade dearer at 565p and Shelt 5 higher at 795p. Elsewhere, Enterprise gave fresh ground to close 5 down at 94p and LASMO slipped to 90p prior to closing a couple of pence cheaper at 93p. Irlsh Oils displayed a bright feature in Conroy Petroleum which ture in Conroy Petroleum which gained 12 to 160p following

speculative buying. South African mining markets again presented a steady, if Subdued profile. Cape indications were neutral, partly reflecting a dued profile. Cape indications were neutral, partly reflecting a stable performance by the Financial Rand, but London and Continental operators displayed occasional interest following the firmer trend in bullion, finally \$3.75 up at \$353.5 an ounce.

Heavyweight Golds, aided by bear closing, finished around the session's best. Gains rarely exceeded a quarter-point, however, although Vaal Reefs provided an exception at £366 up a ded an exception at £364 up 4. The Gold Mines index rose 2.6

South African Financials went South African Financials went better with Amgold 2 up at £34; and Anglo-American 35 dearer at 695p. De Beers rallied 8 to 408p. Continuing worries about possible disruption to supplies prompted revived support of Platinums. London "call" option business was forthcoming for Impala, 10 up at 580p, while Rustenburg, still benefiting from the pleasing preliminary figures, rose a similar amount to 585p.

The widespread shake-out in "down-under" industrial and financial stocks — resulting from the poor performance of the Australian dollar — had little apparent effect on mining issues. Golds improved behind firmer bullion with Central Norseman 23 up at 3-8p and Gold Mines of Kalgoorlie 20 to the good at 355p. Leading diversified counters also Kalgoorlie 20 to the good at 355p. Leading diversified counters also made noteworthy progress with Western Mining 7 up at 135p and Peko-Wallsend 9 dearer at 216p. Among the more speculative explorers, Sons of Gwalla, 200p, and ACM, 100p, improved 6 apiece, while Whim Creek advanced 10 to 110p.

Traded Options

A generally subdued session in London equities was mirrored by Traded Options. Total contracts amounted to 11.346 — the lowest since mid-June. British Telecom again proved to be the liveliest class, attracting 975 calls and

Prestel lowers cost of access in Wales

PRESTEL British Telecom end the session 7 better on bal-ance at 135p on the announce.

ment that Messrs C. & M. Saatchi
had increased their respective
shareholdings in the company to
19.45 per cent. Mercantile House
rose 5 to 300p following Press
comment ahead of tomorrow's
suppose former than 30 per cent of Prestel's subscribers
could connect to the service at could connect to the service at local call rates. With this most

recent extension and others of the UK will be able to connect to Prestel at lower rates.

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YESTERDAY'S ACTIVE STOCKS

Closing Dey's price than 322 + 6 140 - 2 503 + 27 165 + 15 63 + 2 STOCK
Bentox
Britoil
DJ Sec. Alarms
Enterprise Oil
Gonng Kerr
Jeguar Read (Austin) A
Reaters 8
TACE
United Scientific
Woodbead (J) FRIDAY'S ACTIVE STOCKS

	Besed	on bar	gains rec	orded in SE Offic	al List		
Stock Botosi	No. of changes 53	Fri. close 110	Day's change -26	Stock Renold	No. of changes 79	Fri. close 78	Day's change + 8
Raine Industs. British Telecom	. 29 25	75 182	+ 1	8º Bejam	18 17	563 170	-10 + 3
Times Veneer Abaco Invests. Pentiand Inds.	. 22	58 65 415	- 1 - 3 -10	iCi Parkdele Lesmo	16	994 84 95	+12 +14 - 5

RISES AND FALLS YESTERDAY

British Funds	Rises	Falls 112	Sam
	Y		_:
Corporations, Dominion and Foreign Bonds	2	36	33
Industrials	339	326	861
Financial and Properties	104	69	408
Orig	16	26	74
Plantations	3	-3	
Mines	72	20	94
Cthers	110	51	97
Totals	646	637	1,567

TRADITIONAL OPTIONS

ings ings tion ment
July 21 Aug 1 Oct 23 Nov 3
Aug 4 Aug 15 Nov 6 Nov 17
Aug 4 Sept 5 Nov 20 Dec 1
For rate indications see end of
Unit Trust Service
Unit Trust Service
Unit Trust Service
Oct March 18 Sept 5 Nov 20 Dec 1
For rate indications see end of College International, Abace Investments, Victoria Carpet, York and Equity, Brikat, Unit Trust Service pet, York and Equity, Brikat, Call options were taken out in Dowding and Mills, Sound Diffusion, ANZ, Hestair, Phoenix Property, Priest Marians, Noble and Lund, Britoil, Hawtin, No puts or doubles were reported.

pet, York and Equity, Brikat, Benjamin Priest, Hickson Inter-

			L	.ON	IDe	N	TRA	DED	OP	Tio	NS					
			CALLS	;	Т	PUT	5					CALL	\$		PUTS	
Option		Oct.	Jpe	Apr.	Oct.	Jan	Apr.	l	Option		Adg.	Nov.	Feb.	Aug.	Nov.	Feb
Alled Lyons (*323)	300 339 360	37 19 9	47 28 14	55 57 20	6 18 38	9 8	11 25 48	(45	## (Bk 44)	500 550 600	50 18 3	65 30 14	80 47 23	23	30 70	12 37 75
B.P. (*566)	500 550 680	72 98 13	85 90 75	58 30	18 50	25 28 8	- 5 5	P. 4		460 500 550	33 7 2	6 22 9	65 40 18	දු 70	15 37 72	22 45 75
Coss. Gold (~427)	420 460 500	35 17	50 32 18	55 37	22 50 82	34 57 92	40 65	(*1)	7k)	160 180 200	22 8 2	30 17 10	39 24 15	2 21 25	6 14 28	9 16 30
Courtantés (*263)	260 280 300	22 14 5	31 16 11	42 31	9 22 38	14 26 39	20 33	탈		550 650 700	22 5 3	50 30 14	72 22 13		25 36 165 155	32 65 107 157
Con., Union (*309)	280 300 330	35	33	42	11 22	14	16 31	Variation (198)		50 60 70	5 1 002	8 43 ₂ 23 ₂	19	3 11 21	惑	7
Cable & Wire (*648)	600 650 700	75 40 15	95 60 31	115 80 53	15 25 40	20 40 65	25 50 80	Tr. 3114	% 1991 06)		02 65 04	14 04 04	12 08 02	95	17 34	25 32 55
Distillers (*700)	750 600 650	6 120 80	17 =	=	105 4 12	105	=	7r.112.9 (*2)	17)	116	21105	32 10	뫮	盟	33	34
	700	42	<u> </u>	<u> </u>	30	┡	 _	l	Option	122	Sep	Dec	1 2%			1 7
6.E.C. (*189)	190 200 220	20 10 5	25	34 22 —	17 32	18 92	20	Becc (*40	ربط	360 390 429	53 30 16	65 43 30	75 53 40	2 10 28	Dec 18	12
Grand Met. (*370)	360 382 390 420	22	45 - X5 A5	55 56	22 52	17 25 57	35 		本 第)	220 240	6 48 26	17 2	23	58 24	# Ta	38. 65 11
LC.1. (*997)	900 990 1900	110 72 45	136 100 72	115 84	29	15 22 25	40	BT (*25		260 280 300	25	22 	30 33	14 5	17	# 25
Lasel Sec. (*323)	300 330 360	34 16	50 42 24 13	51 35 19	5 15	7 13	20	Sac (*7)		750 900 850	35 15 8	20 26 26 15	75 50 30	18 20 50 55	23 30 55 95	- 85
Marie & Spea. (*197)	180 200 220	8 10	31 31	38 24 15	40 11 24	40 14 27	10 16 30	25mt (*57		550 600 650	48 15 5	22 35 17	80 50 32	7 30 77	13 38 77	95 17 42
Shell Trans. (*796)	700 750 800	108 67 30	125 85 50	103	7 16 38	12 23 42	32 47	De B. (*96.	0073 000	550 600 650	73 40 20	55	88	17	55 80 20	78 70 95
Trafalgar House (*250)	260 280 300	13	22 12 7	29 20	15 34 52	18 30 52	24 37	Dibat (*32		700 300 330 360	12 32 14	30 44 24 21	22	3 13	8 18	13
					-	-		GK1		306	41		20	34	36	40
Option		Ang.	New,	Mar	Acq	No	W.	(*33	D)	330 360	19	47 33 18	9	표	12	20
Lucito (*237)	23	21	29 18		2	11	=			390	3	9	15	61	34 62	38 65
(-2);	236 246 255 260	2	9	23	<u>,</u>	25	20	Çis: (*95		900 950 1000 1050	gr48	120 190 15	明智	名 40 75 115	20 SE 24	70 100 125
Oction	ــــــــــــــــــــــــــــــــــــــ	Aug	Nov.	Feb.	Agg	Non.	Feb	Hang	96	235	37	_	-	**	22 0	<u>125</u> _
Brit Aere (*968)	460 500 590	25	2 20 11	60 38 20	12	27 47 85	30 50 88	(*27	IJ	150 140 150 200	35 62	23	28 17 9	13 13 30	5 15 15	9
BAT hats (*398)	360 390 420	80 20 4	92 36 14	60 40 23	4 10 27	.6 18 32	10 23 37	(*3)	55	460 500 550	55 22	73 48 21	1 22 40	7 15 45	12 25 50	35 30 25
Bardays (*\$22)	460 500	70 37	47	186	2	7 20	11 25	Them (444		440 500 500	40 20 4 2	57 30 17 7	70 45 27	7 30 80	15 22 6	20 37 60
Brit. Telecom (*180)	350 380 200	9 8 2	20 19 10 5	2 2 3 13 7	48 5 21 41	12 29	50 14 28	Test (*29		300	65 23 17 5	47	Ξ	2 3 15 95	2	=
Cadhay Schweppes (*156)	360 150	11 4	17	7 29 13 7	4 17	41 9 19	11 22	Optio	•	350 350 367 A	- 5 - 5 - 5 - 5	30 15 L Ga	发	_	Sept.	₹5 40 0ct
Imperiel Gr. (*365)	300 330 330 360	2 57 25 32	4 65 40	=	37 1 9	28 8 25	38 	FT-SE Index (*1547)	15% 15% 16%	15	7 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	72 57 45 53 20 20	11 32 55		1.	
La c epi <u>ce</u> (*337)	300 330 360	41 17 5	72 47 26 13	57 57 21	2 6 24	4 12 29	7 15 31		孍	1.	7 2		157	26 36 57 82 107 1文	日子のの かん	RSSESS
LASMO (*73)	90 100	9	76	22	7	13	16 22	July 26. Total contracts 21,964. Catls 7,597. Pag. 4,299								

#Opensing Index 1544.4; 10 pm 1545.4; 11 am 1545.1; Noon 1545.6; 1 pm 1545.7; 2 pm 1545.9; 3 pm 1545.2; 3.30 pm 1546.7; 4 pm 1545.6 † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constitutis available from the Publishers, the Financial Times, Bracker House, Cannon Street, London EC4P 4BV, price 15p, by post 28p.

4 Madium 5 Coupons

15 Deas &

16 Leans

ad adj. 1986 to date

6.39

7.99 7.93

7.27

7.63

1.99

184

5.85

WORLD STOCK MARKETS

4			WORLDSTO	CRIVIALGE			
	AUSTRIA GE	MANY NORWAY July 28 Price + or July 28 Kroner —	AUSTRALIA (continued) Price + or July 28 Price + or July 28 Yen + or	CANADA			
	Credit ast'it pp 2,240	Bergens Bank 185	Gen. Prop. Trust 2.64 -0.16 MMI	<u> </u>	Sales Stark High Law Class Class	Sales Stock High Law Done Chon Sales Stock	High Low Dags Choo
	teenderhenk 2.210 ML In	15 - 268 - 8 Elkem 95 + 0.5 141 + 1 156 141 + 1 156 141 + 1 156	Merald Wyfines 0.00 0.54 missin Francis 1.00 1	TORONTO	10900 CDisto B (\$7 gr ₈ 7	8540 Leigh Inst \$51, 51, 51, 51, 500 Summe 500 Loblew Co \$121, 121, 121, 11, 1450 Southern	\$10 10 10 +1 ₆ \$241 ₈ 24 24 -1 ₄
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	NOTES — Prices on this page are a auchanges and are fast traded prices at Ex dividend, so Ex serie leave, at E in Kroser.	Comeico "A" 2.1	MEI	Ind Siv piets %	3dy 3dy Year Age (Approx) 8 2 3.00 2.88 3.89	NETHERLANDS	4 (11/7) 240,4 (8/8) 7 (11/7) 234,8 (8/8)
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FINANCIAL TIMES **WORLD STOCK MARKETS**

WALL STREET

\$ worries prompt sharp fall

DEEP CONCERN over a further plunge in the bond market prompted a sharp decline on Wall Street yesterday, writes Paul Hannon in New York

Key Treasury issues dropped by al-most two full points on fears that this week's refunding operation will prove more difficult in the face of the weakening dollar and waning foreign enthusiasm for US bonds. Last week's confusing array of data on the state of the economy continued to undermine senti-

The Dow Jones industrial average closed down 36.14 at 1,773.90 on volume of 128m shares. The transportation and utilities average also showed steep falls. The decline in the stock market was

exacerbated by arbitraged sell programmes linked to stock index futures. Among leading blue chips IBM gave up early strength to trade \$1% down at \$132%, American Can was down \$1 to \$83%, General Motors was \$2% lower at

\$68% and Merck lost \$% to \$103. The stores sector continued to offer attractions with Safeway, the largest supermarket chain in the US, jumping \$4% to \$66% in response to the leveraged buy

STOCK MARKET INDICES

236.01

767.86

9.57

492.1

381.50

1.549.4 1.545.8

July 28 Previous

1,773.90 1,810.04 1,357.08

720.50

207.45

240.22

767.0

196.7

18.038.94 18.050.59 12.648.1

1,118.8

230.25 229.78

491.1

3,651,46 3,646,74 2,322,60

1,954.1 1,974.0 2,121 2,940.9 2,957.5 2,804.6

1,464.18 1,481.75 138.99

377,5

1.843.30 1.851.70 1.379.2

1,847.29 1,843.57 1,683.85

731.63 717.66 351.88

336.07

732.91 726.92 778.44

(c)

2,462.77 2,455.13 1,356.34

328.5

July 28

£1,893.50 £1,909.50

339.95p

20.8692

S8.87

July 28 \$353.50

\$353.45

\$354.11

\$348.90

\$355.10

518.90 513.9

July 25

329.3

COMMODITIES

GOLD (per ounce)

146.00 144.0

613.31 616.31

284.30 282.2

n/a 202.59 214.89

1.456.40 1.452.02 1.048.43

9.52

Standard & Poors 500

1984

157,42

192,40

1,239.7 601.91

655.25

10.51

342.1

549.6

97.46

216.0

219.5 185,6

966.4 968.6

Year acc

220.9

336.350

£897.75

\$8.85

Prev \$349.75

\$349.60

\$350.46

\$349.20

\$348.20

79.9

DM Yen

260

240

220

200

NEW YORK

LONDON

FT Ord

FT-SE 100

FT-A 500

Tokvo SE

AUSTRALIA

Metals & Mins

Credit Aktier

Belgian SE

Montreal Portiolio

DENMARK

SE

FRANCE

CAC Gen

Ind. Tendan

FAZ-Aktien

HONG KONG

Hang Seng

Banca Comm.

NETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

NORWAY

SINGAPORE

Straits Times

SOUTH AFRICA

JSE Industrials

Madrid SE

SWITZERLAND

Swiss Bank Ind

MS Capital Int'l

Silver (spot fixing)

Coffee (September)

Copper (cash)

Oil (Brent blend)

JSE Golds

SPAIN

SWEDEN

J&P

(London)

London

Paris (fixing)

Luxembourg

New York (Aug)

WEST GERMANY

Toronto Metals & Minis

All Ord.

AUSTRIA

BELOUR

CANADA

FT-A All-share

FT Gold mines

FT-A Long gift

DJ Industrials DJ Transport

S&P Composite

out plan by Kohlberg Kravis Roberts at \$89 per share, or \$4.2bn. Dart, the unsuccessful suitor of Safeway, dropped \$10 to \$152 in over-the-counter trading.

Sears lost \$2% to \$41 after the leading department store group filed an SEC shelf registration for the issue of 9m shares of common stock.

AT&T was actively traded \$1 down to \$23¼ while Western Union lost \$¼ to \$3¾ on its second-quarter loss of \$3.4m.

In the unsettled steel sector, LTV gave up an early \$% but finished steady at \$3 in heavy turnover, while Bethlehem Steel fell \$% to \$9%. USX resisted the pressure with its \$\% rise to \$16\%.

Santa Fe Southern Pacific regained its poise after last week's ruling on the 1983 rail merger and added \$\% to \$27\%. Burlington Northern also advanced with a \$14 rise to \$53% while CSX lost \$%

at \$27%. Allied Signal advanced \$% to \$42% on reports that the diversified energy and chemicals group may consider a substantial stock buyback.

VF Corp, the clothing and leisure group, retreated \$% to \$34 on its plans to buy Blue Bell Holding, the parent of the Wrangler jeans maker.

The end of a six-week strike at Weyerhaeuser, the timber products group, resulted in a gain of \$% to \$32. Hammermill Paper rose \$11/4 to \$55 on reports that the paper manufacturer could be looking for a white knight, or may consider a leveraged buyout, to block a \$52 a share tender offer by a group led by the investor Mr Paul Bilzerian.

Among oils, Exxon fell \$% to \$59% while Texaco dipped \$% to \$30 ahead of

71900

-11850

1800

1300

STERLING

1.4830

3.18

233.75

2.5675 3.58

2,1815

5% 4% 7%

6%

6.456 5.97

6.70

7.20

7.27

7.35

Day's

+0.01

+0.01

+0.00

+0.03

+0.01

Price Yield

90% 6,59

103.80 8.17

9.68

7.37

7.12

6.77

7.32

65.75

1.4815

3.13

230.75

25175

2,153.5

1.387 2.0525 2.0555

3.53

1986 ^{Jul}

CURRENCIES

157.6

1.732 2.145

1,471

44.35

INTEREST RATES

US BONDS

July 28 Price Yield

6.76 10017/2

99% 7.38 100% 99% 7.50 100%

96% 7.58 98%

Day's change

-0.02

+0.10

-0.02

Yield

8.50

8.60

95-22 96-15 95-16 97-00

94.27 94.30 94.25 94.33

93.41 93.42 93.38 93.44

119-27 120-01 119-07 120-07

US DOLLAR

2.1135 2.1450

155,75

1.70 2.382

1,4535

1.3875

FT London Interbank fixing

3-month US\$

6-month US\$

th CDs

Source: Harris Trust Savings Bank

153.09

137.59

148*.2*8

177,73

Source: Mentil Lynch

8% March 1996 100.95

 146.24 ± 0.01

Price

90%

96,72

96%

es of Deposit (MIII)

FINANCIAL FUTURES

US3-month T-bills

1993 1996

7%

(years)

1-30 1-10

15-30

AT & T

3% July 1990

10% Jan 1993

Phibro-Sal

8 April 1996

9% March 2016

9% March 2016

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

20-year Notional Gitt

£50,000 32nds of 100%

Sept

Source: Salamon Brothers

US Treasury Bonds (CBT)

UŠ Treasury Bills (IMM)

General Motors

8% April 2016

CHICAGO

43.65

*KEY MARKET MONITORS

the appeal this week of the \$11.1bn legal judgment in the Pennzoil case. Pennzoil also lost \$1/4 to \$541/4. Mobil retreated \$1/4 to \$30% after the sale of its packaging unit for \$700m in a move to cut debt while Unocal dropped \$1 to \$16% on its slump in the first half.

In the high technology sector, Texas Instruments closed \$1 higher at \$109% in response to its earnings turnround for the latest quarter while Burroughs dropped \$1% to \$66%.

Morgan Stanley, the investment bank, dipped \$1% to \$65% despite its higher second-quarter figures while E. F. Hutton recovered \$2% of its recent losses to trade at \$37.

Republic Air, the latest carrier to release quarterly earnings figures, dropped \$% to \$16% on sharply lower profits of \$35m while TWA edged \$% higher to \$17%. UAL, parent of United Airlines, slipped \$\% to \$50\%.

The plunge in the bond market, triggered last week by more confused signals on the state of the economy, saw sharp falls among key issues.

Attempts at recovery were halted by concern over foreign support for the Treasury's refunding plans this week in the light of the weaker dollar.

The Treasury's beliwether long bond, the 7% per cent due in 2016, fell over 1% points, making a drop of nearly five points in five sessions, at 96 1/2 to yield 7.56 per cent.

The other key issue, the 7% per cent due in 1996, traded down 2/52 at 99/52 to yield 7.48 per cent.

Federal funds traded for most of the session at 6% per cent at which level the Federal Reserve Board announced a \$2bn customer repurchase agreement. Rates on Treasury bills jumped with

the three-month issue seven basis points higher at 5.89 per cent and the sixmonth issue five basis points up at 5.95 per cent. The one-year issue traded four basis points higher at 6.02 per cent.

TOKYO

High hopes encourage enthusiasm

HOPES of a continuing bull market during August added to buying interest in Tokyo yesterday, writes Shigeo Nishi-

waki of Jiji Press.

Low-priced, large-capital and domestic demand-related issues were popular.

The Nikkei average gained 40.65 from Saturday to close at 18,038.94. But trading volume weakened from Friday's 1,179.66 to 767.86m shares as institutional investors stood back. Declines led advances by 417 to 414, with 134 issues

The sharp fall in volume yesterday followed a lack of fresh incentives and the low profile of institutions and securities companies on the final day of trading for July settlements.

Market participants were generally optimistic that turnover would begin to increase today, because of a consensus that the rise in equities would continue at least until early August.

Buying interest gathered strength in the afternoon on rumours that major securities companies had recommended that institutional investors should issue large-lot buy orders from today. In particular, buying focused on issues such as steels, shipbuilders, electric powers and gases as those likely to be favoured by institutional investors in August.

Nippon Kokan topped the active list with 100.89m shares traded. It firmed Y4 to Y245. Nippon Steel, also active with 85.82m shares traded, added Y4 to Y202, and Ishikawajima-Harima Heavy Industries, with 61.71m shares, rose Y10 to

Tokyo Gas, with 54.83m shares traded, climbed Y36 to Y730 on renewed buying while Tokyo Electric Power jumped Y290 to Y5,500. Other gas and power stocks gained ground in sympathy across the board.

Buying interest in low-priced, largecapital issues spread to shippings and textiles. Nippon Yusen added Y20 to Y515, while Kanebo rose Y8 to Y540 on investor appraisal of expansion of its bi-otechnology business. Toray increased Y4 to Y662 on hopes of buying by institutional investors next month.

Among export-oriented issues, Toshi-ba firmed Y7 to Y484 and Mitsubishi Electric Y10 to Y410 due to a bill in the yen's surge against the dollar. Other blue-chips remained out of favour.

Biotechnology stocks eased against the trend.

Bonds weakened in thin trading as dealers sat on the sidelines, awaiting the announcement of the schedule for US treasury bond tenders in August. The market was adversely affected by Bank of Japan Governor Mr Satoshi Sumita's remarks yesterday that the central bank was not considering reducing its discount rate for a fourth time this year.

The yield on the bellwether 6.2 per cent government bond due in July 1995 moved up from 4.740 to 4.765 per cent.

HONG KONG

PROFIT-TAKING trimmed early gains in Hong Kong leaving the Hang Seng in-dex 3.72 up at 1,847.29, after adding 10 during the morning.

Hongkong and Kowloon Wharl's 50 per cent rise in year-end profits helped bolster market sentiment. The group's shares closed unchanged at HK\$7.65, while its parent, World International, added 25 cents to HK\$8.55 on an almost 48 per cent rise in profits for the year.

1.

Firm results allay fears on currencies

SEPARATE DOMESTIC factors buoyed trading in most of Europe as fears of fur-ther falls in the dollar and the pound were brushed aside and investors took heart from Friday's firmer trend in Wall

Signs that the Belgian coalition is patching up differences over planned budget cuts injected optimism into Brussels and trading was more active than in recent sessions.

Higher first-half results and an increase in total assets for Générale de Banque, up Bfr 80 at BFr 5,840, lifted financial issues. Royal Belgique added BFr 300 to BFr 26,750 and Société Générale de Belgique gained BFr 55 to BFr 2,925, while Kreditbank shed BFr 350 to BFr 16,000.

Bekaert, the wiremaker, firmed BFr 75 to BFr 11,375 and Fabrique Nationale, the armaments manufacturer, gained BFr 25 to BFr 2,100, but Solvay, the largest chemical issue, declined BFr 70 to

Petroleum shares were mixed and apparently indifferent to the latest effort by Opec to halt the fall in oil prices. Pet rofina, Belgium's largest industrial group rose BFr 10 to BFr 8,860, but Cometra slid by the same amount to BFr

Domestic and foreign buyers showed interest in Zurich banking issues as settlement day trading turned active.

Healthy half-year results from the banking sector last week attacted interest and UBS bearer gained SFr 65 to SFr 5,475, and Swiss Bank advanced SFr 7 to

Nestlé put on SFr 50 to SFr 7,700 ahead of news that it expects net profit in 1986 to match that of last year, even in the face of falling turnover.

Bonds ended mixed on selective de-

Paris advanced and car and construction issues gained from the drop in the overnight call money rate.

Peugeot climbed FFr 34 to FFr 1,000, Michelin. rose FFr 42 to FFr 3,332, while Bouygues led construction issues with a FFr 50 rise to FFr 1,310 and Lafarge-Coppee attracted FFr 42 to FFr 1,402. Avious Dassalt was active in the engineering sector, gaining FFr 79 to FFr 1,499, while publishing issues were encouraged by a FFr 275 jump in Hachette to FFr 2,900.

Strong demand for insurers, industrials and financial issues pushed Milan higher, where prices ended just below

the day's highs.
Olivetti, which has been given permission from the Cartel Office to buy Triumph-Adler, climbed L650 to L17,250, Fi-at rose L400 to L14,700, while Mediobanca, which is still rising on expectations of a capital increase, jumped L2,700 to

Oslo ended its recent plunge as weak trading saw the market move slightly higher.

Bik Bok, the fashion clothes retailer which has applied to increase its foreign shareholding quota from 20 to 40 per cent, advanced NKR 3.50 to NKr 232.50, while Norsk Hydro gained 50 cents to

Selective trading left Amsterdam mixed with Unilever Fl 7 up at Fl 484 and Royal Dutch off 80 cents at Fl

Bonds were mostly unchanged after slow trading.

Frankfurt dropped back in a technical reaction to last week's gains and the Commerzbank index shed 8.4 to 1,843.3. Foreigners kept to the sidelines, dis-turbed by the lower dollar and sterling's drop to an all-time low against the D-

Deutsche Bank gave up DM 12 to DM 778, Daimler fell DM 23 to DM 1,142, while BMW ended at DM 490, down DM

80 after a one-for-four rights issue. Puma, the sports equipment and cloth-ing manufacturer, fell DM 4 to DM 491 on its second day of trading and utility group Veba shed DM 5 to DM 253.

Bonds faded by around 35 basis points with some scattered gains of 15 basis

The Bundesbank bought DM 48.4m worth of domestic paper after buying DM 15.4m on Friday. Stockholm ended mixed as foreigners

continued to sell shares in Ericsson after warnings that development costs will affect results. It ended unchanged at

Madrid fell in quiet trading.

SOUTH AFRICA

THE HIGHER bullion price gave a boost to gold shares in Johannesburg and the firmer trend filtered through to other

Among golds Buffelsfontein added R2.50 to R76.25, Driefontein R1 to R56 and Free State Consolidated R1 to R35. Elsewhere among minings Rusten-burg Platinum closed R1 up at R43.75

Gilts hit by weakness in sterling

THE WEAKNESS of sterling left gilts lower in London yesterday but equities closed steadier. The FT Ordinary share index added 0.1 to close at 1,263.8. Among stocks to benefit from the

pound's fall was Jaguar which added ?p Reuters B edged up 3p to 503p on higher half-year profits. Britoil continued to fall in the wake of Friday's divi-

dend cut and gloomy trading statement. It closed 9p lower at 101p. Enterprise Oil shed 5p to 94p. In the gilts market longs closed with falls ranging to % on balance while shorts were around % off.

Chief price changes, Page 31; De-tails, Page 36; Share information ser-vice, Pages 34, 35

AUSTRALIA

CONCERN over the fall in the Australian dollar sparked selling in Sydney where the All Ordinaries closed 24.3 lower at 1,094.6.

Quality industrials were particularly hard hit by currency worries.

Among losers BHP closed 26 cents down at A57.94 and Bell Resources lost

25 cents to A\$3,65. Among banks ANZ feli 3 cents to A\$4.50, National Australia Bank 14 cents

to A\$4.94 and Westpac 2 cents to A\$4.40. SINGAPORE

A LACK of fresh factors kept institu-tional investors on the sidelines in Singapore although some selective buying helped push the Straits Times index 5.81 higher at 732.91.

Banks closed generally firmer in thin trading with DBS up 5 cents at SS6.80. Malay Banking 2 cents at S\$3.62 and OUB 5 cents at S\$2.90. UOB, at S\$3.82. and OCBC, at S\$6.95, were unchanged.

added C\$% to C\$7%.

A RISE in golds failed to spread to other sectors in Toronto, which traded generally lower after an early advance. Among golds Lac Minerals, which reported lower quarterly profits on Friday, traded CS% up to CS22%. Dome Mines

Company Notices



Korea Exchange Bank

U.S. \$30,000,000 Floating Rate Notes Due 1988

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period 9th April, 1986 to 9th October, 1986 has been fixed at 7½ per cent. per annum and that the coupon amount payable on Coupon No. 10 will be U.S.\$38.13.

> اليتك السعودى العالمي المحدود Saudi International Bank ALBANK ALSAUDI AL-ALAMI LIMITED

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NIPPON FIRE AND MARINE INSURANCE CO., LTD. MIPPON FIRE FATAL FLATERS TO THE PARTY OF TH

NOTICE TO HOLDERS OF BEARER DEPOSITARY RECEIPTS (BDRs) IN HITACHI, LTD.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY

NATIONAL BANK OF HUNGARY US\$100.000.000 Floating Rate Notes due 2000

Pursuant to note conditions. notice is hereby given that for the interest period from 29 July 1986 to 29 January 1987 as

interest rate of 7½ per cent

per annum will apply.

Amount per coupon = US\$370.56 payable on 29 january 1987 Reference Agent: The Long-Term Credit Bank of Japan, Ltd., London Branch

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS MAKITA ELECTRIC WORKS CITIBANK, N.A.

COMPAGNIE DE SAINT-GOBAIN ECU 100.000,000 WITH WARRANTS Induce an interest rate of 10.94 per can's the applicable Libor ECU is 10 per cent resulting in a minimum coupon of 10.375 per cent. Ele irst formula is applicable.

Therefore, the coupon payable on 11th August 1986 will be ECU \$4.72 per titre participate of ECU 1.000.

21.15

NATIONAL COAL BOARD US\$100,000,000 8% Guaranteed Bonds 1987

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